



Daily Report

Sub-Saharan Africa

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Friday
11 January 1991

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CONTENTS

11 January 1991

NOTICE TO READERS: As of 2 January 1991, television sourcelines in the DAILY REPORT will reflect how a station identifies itself. In most cases, this change eliminates the "Television Service" designation in favor of the station identification as broadcast. The presence of a new television sourceline reflects this change in policy, rather than the establishment of a new station or network.

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

EAST AFRICA

Djibouti

Incidents Reported in Tadjoura Barracks, Capital	1
Barracks Attacked; Meeting Held [Paris International]	1
AFP Reports Incidents	1
68 Arrested at Meeting [Djibouti Radio]	1
Statement on Incidents [Djibouti Radio]	1

Ethiopia

Vice President Leaves for Bulgaria, Italy [Addis Ababa Radio]	2
OLA Takes Over Asosa, Surrounding Area [Voice of Oromo Liberation]	2

Somalia

Prime Minister Calls for End to Murder, Bloodshed [Mogadishu Radio]	2
Information Minister Stresses 'Rapid Cease-Fire' [Mogadishu Radio]	3
SNM Reports 'Important Victories' Against Enemy [Radio of the Somali National Movement]	3
Italy 'Committed' Despite USC Rejecting Plan [Nairobi TV]	3
Embassy To Evacuate [AFP]	3
Diplomats Holed Up in Embassy [Rome RAI]	4
DPRK Diplomat Reportedly Killed in Fighting [AFP]	4

Tanzania

Mwinyi Calls on Iraq To Withdraw From Kuwait [Dar es Salaam Radio]	4
Petroleum Products Agreement Signed With Britain [PANA]	4
ATC Increases Air Fares Effective 15 Jan [Dar es Salaam Radio]	5

Uganda

Joint Cooperation Communique Signed With Sudan [Kampala Radio]	5
--	---

REPUBLIC OF SOUTH AFRICA

Foreign Minister Supports U.S., Allies in Gulf [Johannesburg SABC TV]	6
Braklaagte Residents Reportedly Flee Bop [SAPA]	6
11 Jan Press Review on Current Issues, Problems [THE CITIZEN, etc.]	7
*Regional Peace Accord in Natal Examined [THE WEEKLY MAIL 9-15 Nov]	8
*COSATU Cites Accomplishments at Anniversary [THE NEW NATION 6 Dec]	10
*NUM Scores Victory in Mine Cutback Talks [THE NEW NATION 6 Dec]	11
*Mayor Predicts Massive Poverty in Cape Town [THE ARGUS 29 Nov]	11
*Bumper Fruit Harvest Expected in Western Cape [WEEKEND ARGUS 24 Nov]	12

SOUTHERN AFRICA

Angola

Savimbi 'Optimistic' About Peace Process [London International]	13
Comments on Process [Voice of the Black Cockerel]	13
Embassy Accuses UNITA of 'Making New Demands' [SAPA]	13
UNITA Says Savimbi 'Must Win' To Save Nation [Voice of the Black Cockerel]	14

Malawi

Tete Violence 'Almost' Isolates Country [SAPA]	15
--	----

Mozambique

Italian Envoy Comments on Attacks, Accuses Renamo [Maputo Radio]	15
--	----

Namibia

NPF Calls on Government To Reprimand Angola [Windhoek Radio]	16
--	----

Zimbabwe

Cuban Envoy Says Angolan Pullout Early [SAPA]	16
---	----

WEST AFRICA

Liberia

Sawyer Hails AFL Statement, Praises ECOMOG [Monrovia Radio ELBC]	17
--	----

Ivory Coast

Opposition Demonstrations of Support in Daloa	17
Five Wounded [AFP]	17
12 Wounded, 27 Arrested [AFP]	17

Nigeria

President Babangida's 1991 Budget Speech [THE GUARDIAN 1 Jan]	17
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Djibouti

Incidents Reported in Tadjoura Barracks, Capital

Barracks Attacked; Meeting Held

LD1001002891 Paris International Service
in French 1830 GMT 9 Jan 91

[Text] One dead and two injured is the toll of the attack on the Tadjoura military barracks in northern Djibouti last night carried out by an unidentified commando which managed to escape. During the same night 68 people were arrested in a cemetery in the town of Djibouti itself where, according to authorities, they were participating in a suspicious meeting. The only information which has filtered through is that those arrested are members of the Afar ethnic community. Djibouti authorities have linked the two incidents and a crisis committee met today. Here are the views of Interior Minister Khayreh Hared:

[Hared] These facts seem linked and might be part of a concerted destabilization campaign which has other objectives. It is aimed in particular at causing a rift between various national communities. An inquiry will be opened to shed complete light on the events. The perpetrators of these crimes, together with their accomplices, will be brought before the competent courts. Given the seriousness of the facts, the government is determined to defend the integrity, independence, and national unity whatever the motives of the perpetrators of these attacks on state security.

AFP Reports Incidents

AB0901180591 Paris AFP in English 1623 GMT
9 Jan 91

[Text] Djibouti, Jan 9 (AFP)—An attack by armed men on a garrison at Tadjoura in the north of Djibouti before dawn on Wednesday left one soldier dead and two wounded, Interior Minister Khairred Allaleh Hared said. A hunt for the raiders was under way in the nearby Day forest. They had probably attacked in a bid to seize arms and ammunition, the minister said.

He also reported the arrest overnight of 68 people attending a "suspect meeting" at the Ambouli cemetery here. Mr. Hared gave no details. Informed sources said most of those held were understood to be Afars, one of the two main groups along with the often rival Issas.

Tadjoura is in Afar territory and the minister said the two incidents seemed to be linked, perhaps as part of a plan to destabilise Djibouti by causing splits among its different communities.

68 Arrested at Meeting

EA0901193991 Djibouti Domestic Service
in Somali 1700 GMT 9 Jan 91

[Text] Today at 0130 [2230 GMT 8 January], the security forces arrested 68 people at Ambouli cemetery where

these people were holding an illegal meeting to conspire against the capital city of Djibouti.

Last night, a gang of armed bandits attacked the Armed Forces barracks at Tadjoura town. Using [word indistinct], the gang attempted to seize an ammunition and weapons store and other important places in the barracks, particularly the communications room and other (?key) points. The gang was also planning to seize the administrative office in the barracks as well as members of the armed forces stationed there.

The report adds that the bandit gang has escaped and the Army is planning a dragnet to capture them. It seems that these two incidents in the capital city of Djibouti and Tadjoura were interconnected. The aim was to undermine the sovereignty and unity of the Republic of Djibouti.

Statement on Incidents

EA0901215591 Djibouti Domestic Service
in Somali 1700 GMT 9 Jan 91

[Khairred Allaleh Hared, Djibouti interior minister, speech on Tadjoura and Djibouti city incidents; on 9 Jan, place not given—live or recorded]

[Excerpts] I wish to give the public an account of last night's incidents in our country. At 0130 today [2230 GMT 8 January], the security forces apprehended 68 people at Ambouli cemetery. These people claimed they were digging a grave to bury somebody. No one knew who had died. It was clear that these people had an appointment at the cemetery. They met there to conspire, after which they were to carry out their night mission.

Moreover, at 0300 today, a bandit gang attacked the military barracks of Tadjoura town. Using their guns, the bandits tried to seize the ammunition and weapons store and other key places, such as the communications room and [words indistinct]. They wanted to seize all these key centers and military personnel as well.

The bandit attack was, however, foiled. During the abortive attack, a soldier was killed and two wounded. When the attackers realized the futility of their conspiracy, they escaped. The Armed Forces of this region are establishing a dragnet to catch them.

It seems that the illegal meeting at the cemetery and the attack on Tadjoura are interconnected. The plan was aimed at destroying the sovereignty, existence, and unity of Djibouti and its economy. It was also planned, among other evil designs, to cause disunity, enmity, and mistrust among the people. Fortunately, the conspiracy did not succeed. The government has begun to investigate those behind these beastly and ugly incidents.

The masses, wherever they may be, are reminded that the government has resolved to deal sternly with those behind these ugly incidents. The masses are asked to

desist from doing anything that endangers their brotherhood, sovereignty, and peace. They are needed to fight in defense of the above essentials. [passage omitted].

Those behind the incidents are wicked. They should expect no mercy from us. I would like strongly to stress that the government will at all costs preserve the unity and sovereignty of the people. The public is requested to cooperate with forces for the elimination of these elements, for example by reporting any person they may suspect.

Ethiopia

Vice President Leaves for Bulgaria, Italy

EA0701191491 Addis Ababa Domestic Service
in Amharic 1700 GMT 6 Jan 91

[Summary] Today Comrade Fiseha Desta, politburo member of the Workers Party of Ethiopia Central Committee and vice president of Ethiopia, left for a working visit to Bulgaria and Italy, leading a delegation. During his visit to Bulgaria and Italy, he will hold discussions with officials on economic relations, Ethiopia's new economic policy, and peace.

OLA Takes Over Asosa, Surrounding Area

EA0901140391 (Clandestine) Voice of Oromo
Liberation in Oromo 1900 GMT 7 Jan 91

[Excerpts] Begi Province, Asosa Area, Western Oromoland—The Ethiopian colonial forces in Oromo are being confined to their own camps and are unable to operate as before because almost all the countryside in the Asosa Area is under the Oromo Liberation Army [OLA]. [passage omitted]

An enemy force attempting to move between (Hopa) and (Keshimando) was defeated by the heroic OLA on 4 January 1991. In the fighting between the heroic OLA and the retreating enemy force, 28 soldiers were killed, 22 were wounded, and one enemy vehicle was destroyed. [passage omitted]

Somalia

Prime Minister Calls for End to Murder, Bloodshed

EA1001220291 Mogadishu Domestic Service
in Somali 1537 GMT 10 Jan 91

[Somali Prime Minister Mohamed Hawadle Madar address to the nation; place not given—live]

[Text] In the name of God, the merciful, the compassionate: We call on the Somali people wherever they may be to come together in peace and stop the bloodshed, to hold talks and settle through dialogue whatever can be solved in this way instead of using bullets. This country has faced numerous problems. These problems are the

product of history, and whoever caused them is responsible for them. I have clarified to the Somali people that we cannot accept anything which could lead the Somali people to destruction and ruin. For a long time, since October 1990, there have been disturbances and sporadic shootings in Mogadishu, which we thought of as [word indistinct] because they were restricted to certain people with no interest other than enriching themselves.

Today the government and the fronts confront each other in Mogadishu. Speaking for the government, I say we are ready to meet and talk about whatever problems the country faces. For 12 days, Mogadishu residents, government, and elders were holding a big meeting open to anyone wishing to attend to settle matters in Mogadishu. I believe today that much success was achieved.

As the minister of information has told you, committees were appointed with responsibilities such as the ceasefire and preparing a big conference on Somalia to discuss its affairs. I clarify now, with the president's document in front of me on behalf of the government, that the government is prepared to do anything it can to settle the problem in the country. The government is prepared to end the fighting by engaging in dialogue.

Whoever deliberately wants to destroy the Somali people must take historical responsibility for this. Actually, whoever is mobilizing the existing problem is responsible. As a government, it is our duty to strive to extinguish the fire raging in the country today, to obey the wishes of the Somali people, and to act on their choice. Those responsible for this country must decide for all the Somali people. The atmosphere prevailing over that meeting has given me much hope; we can expect a great deal.

I believe the problem in Somalia today did not evolve from within. It is not confined to the Somali people alone. There are some issues over which the Somali people could clash, and that is why we ask that the problem be settled through talks. We believe that the issue is [word indistinct] greater than this, that there are foreigners involved in the disturbances today with the intention of undermining Somali unity. We believe that the game is much bigger than we think. Whoever is serving that cause today is known and the cause is known. I am sure that both the fronts and the government know that what is not wanted is the unity of the Somali nation. This is much worse than anything else. This is the issue, the motives of which any two Somali people aiming guns at each other should understand.

The Somali nation shares one language, one tradition, and one religion. It can be described as a family. A family can settle its affairs in one way or another, but those fighting should realize their identity. Whom is the war serving? This is the point I would like the Somali people to consider. The history of Somalia, the liberation struggle, how independence was achieved, the wars fought, and the various stages of history have been mentioned many times before so I will not repeat them.

The question is: Can we handle it? [Words indistinct] are carrying is meaningless. We can agree at any time, but do we realize where the enemy is driving us? This is the point that we should consider and review to meet the challenge of upholding the heritage of our fathers. This is what is required. This is what colonialism wants to destroy.

Brothers, both opposition and conservative, front and government, I call on every Somali to meet and participate in these meetings as soon as possible to discuss the cease-fire, burying [word indistinct] the dead in time. Let us consult one another on where to go. Whoever stays home will come out or be separated from the Somali people. I call on you: Peace, peace, peace, stop the murder and bloodshed. I promise on behalf of the government that whatever the people decide, the government is ready to implement, to refuse [as heard]. Thank you.

Information Minister Stresses 'Rapid Cease-Fire'

EA1001201491 Mogadishu Domestic Service
in Somali 1400 GMT 10 Jan 91

[Excerpts] Today Comrade Omar Mohamed Abdurahman, nicknamed Omar Dhereh [Omar the tall], Somali minister of information and national guidance, issued the latest resolutions on the cease-fire. The minister, who was accompanied by Comrade Haji Ali Shidow and Mohamed Musa, members of the committee to mediate in the armed conflict in the city, which has continued unabated for the last 12 days, described the massive destruction the conflict caused in social services, water supplies, international communication facilities, transport, and business. He stressed the importance of a rapid cease-fire.

During the continuing discussions, the minister said many [as heard] resolutions were adopted, which read as follows: To observe the cease-fire so corpses still littering the city could be buried. [passage omitted]

A committee whose members were drawn from the former and present members of the Armed Forces was also formed to study matters connected with war. The generals are expected to apply the views of the military to the peace efforts launched. The names of the generals are: General [first name indistinct] Hassan Ali; Gen. Ahmed Mohamed Sheikh; Gen. Mohamed Hussein Daud; Gen. Ali Ismail; Gen. Mohamed Aden; Gen. Mohamed Jama Hakim; Gen. Musa Hassan; Gen. Mohamed Jama Dirhi; and Gen. Ali Hashiq Elmi Barre.

In conclusion, the minister and the two elders appealed to the masses to suggest anything which might be in the interests of the Somali people.

SNM Reports 'Important Victories' Against Enemy

EA1001194891 (Clandestine) Radio of the
Somali National Movement in Somali
1600 GMT 10 Jan 91

[Text] The Somali National Movement [SNM] fighters of the Sixth Battalion have been waging a nonstop offensive against enemy positions in Shiikh, Shiikh Abdael, and Berbera Districts. During these battles, the SNM fighters won some very important victories while the enemy suffered heavy losses. The latest military operation carried out by the Sixth Battalion of the SNM was on Berbera. During the operation, the enemy forces suffered great destruction. Units of the Sixth Battalion operating in Berbera Town killed one senior and two junior officers of the Barre armed forces. During the attack, the fighters set an electric generator in the town on fire. The SNM fighters suffered no casualties and returned safely to base.

Italy 'Committed' Despite USC Rejecting Plan

EA1001122191 Nairobi KTN Television
in English 1800 GMT 10 Jan 91

[Text] Fighting in Somalia's capital continued for the 12th day today with government troops looting and shelling the city, according to residents evacuated from the city. A member of the opposition Manifesto Movement in Nairobi appealed to the international community to help arrange a cease-fire following the rejection of an Italian peace plan by the rebel USC [United Somali Congress]. The rebels are fighting to topple the government of embattled President Mohamed Siad Barre. Mahmud Haji Abdallahi Shirwa called on Italy, the Organization of African Unity, the Arab League, and the EC to help find a peaceful solution to the civil war, but he reiterated the opposition's rejection of Italian proposal that President Siad Barre heads an interim government until elections and a national reconciliation conference could be held.

An Italian evacuated from Mogadishu said government troops were shelling areas of the capital to terrorize residents into fleeing so that they could have a free hand to steal and loot abandoned houses and shops. He said millions could be killed if the conflict is not ended. Italy meanwhile has said it is committed to finding a solution despite the opposition's rejection of the peace proposal.

Embassy To Evacuate

AB1101125891 Paris AFP in English 1047 GMT
11 Jan 91

[By David Chazan]

[Excerpts] Nairobi, Jan 11 (AFP)—Italy prepared Friday to evacuate its Mogadishu Embassy, the last open in the Somali capital, after several people were wounded when the mission was hit in fighting between rebels and government forces. The Italian Foreign Ministry in Rome

said it was preparing plans to evacuate some 90 people still in the embassy, the ambassador and embassy staff, and Italians and others who have taken refuge there from the heavy fighting which has rocked Mogadishu for the past 12 days.

A North Korean diplomat was killed and several Italians wounded by rockets late Thursday in fighting around the embassy, diplomatic sources said here. [passage omitted]

Mogadishu has fallen prey to armed bands of looters, cholera and hunger since the war moved into the capital. Evacuated residents have said much of the city is without food or water. Cholera broke out almost immediately in the crowded Medina district, said Claudio Castelli, an Italian evacuated to the Kenyan port of Mombasa on Wednesday. He said there were 60 to 70 deaths a day in the hospitals of Mogadishu, whose population has swelled to more than two million from 400,000 in the past 10 years. Evacuated residents said two-thirds of the city's residents had fled the fighting on foot, carrying what possessions they could in plastic bags or suitcases. [passage omitted]

Diplomats Holed Up in Embassy

AU1101161691 Rome RAI International Service in German 1535 GMT 11 Jan 91

[Text] Mogadishu is in flames, but the people in the Italian Embassy are holding out. The diplomatic mission, which was repeatedly involved in shooting incidents yesterday, is the last fortress in a country that has gone to its knees, devastated by a civil war that does not seem to come to an end. The pillaging continues, violence is spreading.

In the Italian Embassy there are Ambassador Mario Sica and 29 of his associates, including his adviser, his secretary, the military attache, and the consul. In addition to these 30 persons, there are another 15 guests, who have sought refuge in the building. So far, the Italian Foreign Ministry has not announced in which way and when measures will be taken to rescue these 35 [number as received] people. Among the guests of the Embassy there is also Bishop Giorgio (Bertil), who let it be known that he will stay no matter what happens. In the meantime, a mass exodus is under way in Somalia.

DPRK Diplomat Reportedly Killed in Fighting

AB1101090091 Paris AFP in English 0827 GMT 11 Jan 91

[Text] Nairobi, Jan 11 (AFP)—A North Korean diplomat was among several people killed in heavy fighting around the Italian Embassy in Mogadishu on Thursday night, diplomatic sources said Friday. Several Italians were among those wounded in the clashes, in which rockets were used, the sources said. The Italian Embassy was reportedly hit during the exchanges, which included rocket fire.

The fighting apparently involved Somali Army regulars and rebels from the United Somali Congress, although it was impossible to know who was fighting who in a city overrun by armed gangs, the sources said.

The Italian Embassy is the only foreign mission to have remained open in the Somali capital. The others closed and were then ransacked after fighting began in the city on December 30.

The rebels are fighting to topple the government of embattled President Mohamed Siad Barre.

Tanzania

Mwinyi Calls on Iraq To Withdraw From Kuwait

EA0601094291 Dar es Salaam Domestic Service in Swahili 1700 GMT 5 Jan 91

[Text] Dar es Salaam—President Ali Hassan Mwinyi has called on the international community to step up efforts to find a peaceful solution to the Gulf crisis so as to avert war in the region. In his new year message to diplomats and heads of various international organizations accredited to the country during a banquet at State House, Dar es Salaam this evening, President Mwinyi called on Iraq to withdraw its troops from Kuwait and respect the sovereignty and borders of Kuwait in accordance with the international law.

The president told the diplomats that Tanzania had for many years had good relations with both Iraq and Kuwait, and Tanzania would like to see the two continuing as independent states.

Comrade Mwinyi called for similar efforts to be made to seek a solution to the Palestinian problem, which, he said, had for many years caused havoc, leading to lack of peace and stability in the Middle East. President Mwinyi also called for continued talks between the world's developed and developing countries with a view to creating an atmosphere of understanding in the field of world trade.

Referring to the implementation of the second phase of the national economic recovery program, President Mwinyi, who is the Chama Cha Mapinduzi chairman, said the transport sector would continue to be given the first priority in order to facilitate the transport of goods and other services in the country. He said the private sector would also be given priority and that the government would continue to assist the people who showed a spirit of self-reliance in implementing their projects.

Petroleum Products Agreement Signed With Britain

AB0401184491 Dakar PANA in English 1553 GMT 4 Jan 91

[Text] Dar es Salaam, 4 Jan (SHIHATA/PANA)—Tanzania and Britain Friday in Dar es Salaam, signed a grant agreement which will enable the East

African country to secure four million pounds sterling of petroleum products over the next three months. The agreement was signed by Tanzania's minister for finance, Stephen Kibona and the British high commissioner in Dar es Salaam, J.T. Masfield.

The grant is in response to a request by the Tanzanian Government to the international community to assist the country in meeting the increasing cost of imported oil. It will help Tanzania Petroleum Development Corporation (TPDC) to meet the higher cost of importing refined petroleum products as a result of the current crisis in the Gulf. The grant also forms part of a continuing programme of support, now totalling almost 100 million pounds sterling, provided by Britain since 1986 to assist the Tanzanian Government's economic recovery and economic and social action programmes.

ATC Increases Air Fares Effective 15 Jan

*EA1101140691 Dar es Salaam Domestic Service
in Swahili 1700 GMT 10 Jan 91*

[Text] Dar es Salaam—Air Tanzania Corporation, ATC, has decided to increase fares on domestic flights as of 15 January. A corporation statement said that the measure had been taken due to the increase in running costs, particularly with regard to the increase in oil prices.

The statement said that from Dar es Salaam to Zanzibar the new fare would be 3,025 shillings for ordinary class and 4,540 for first class; from Dar es Salaam to Kilimanjaro, 10,800 shillings for ordinary class and 16,200 shillings for first class; from Dar es Salaam to Mwanza, 17,740 shillings for ordinary class and 26,610 shillings for first class; Mtwara, 8,940 for ordinary class and 13,410 for first class; Tanga, 6,015 for ordinary class.

The statement said that for all tickets purchased after 15 January, passengers would have to pay the difference.

Uganda

Joint Cooperation Communique Signed With Sudan

*EA1001142791 Kampala Domestic Service
in English 1700 GMT 9 Jan 91*

[Text] Uganda and the Sudan has reached an agreement on strengthening popular relations existing between the

two countries. This follows a series of meetings between the Ugandan Government delegation led by a member of the supreme executive committee of the NRM [National Resistance Movement], Mr. Kirunda Kivejinja, during their recent visit to Khartoum and a senior official of the Sudanese Government.

In a joint communique issued after the talks, both sides noted with satisfaction the serious efforts being exerted and the pragmatic steps undertaken by the governments of the two sister countries to create a conducive atmosphere for preserving mutual understanding and cooperation between the two countries. They expressed the need for devising popular ways and means to back those official efforts and steps for the welfare of the people of the two countries. Both sides also felt the importance of intensifying the exchange visits planned for promoting popular get-togethers, especially in the field of culture and sports.

The two sides took note of the necessity of the citizens of both countries to invest in each other's countries, especially in agricultural and industrial activities, to promote self-reliance and self-sufficiency. They also felt the need for devising popular channels of cooperation and coordination between the International Council for Popular Friendship [ICPF] and the NRM. Both the Ugandan and Sudanese sides expressed satisfaction to the steps being taken by the governments in the two countries to promote democracy and national unity and guarantee people's participation in the management of their own affairs. The two sides noted the necessity of maintaining law and order along the border of the two countries, as reflected in the last joint meeting in Khartoum held between Uganda and Sudan Governments.

The Sudan side responded positively to the request of the Ugandan side to resume flights between the two countries and both decided to pressurize the authorities concerned for immediate resumption of flights. The Ugandan side extended an invitation to the Friendship Council to attend the forthcoming Ugandan Revolution Day celebrations scheduled to take place on 26 January 1991, and the invitation was accepted. The joint communique was signed by the leader of the Ugandan delegation, Mr. Kirunda Kivejinja, and by Mr. Mustafa 'Uthman Isma'il, secretary general, ICPF, of the Sudan.

Foreign Minister Supports U.S., Allies in Gulf*MB1001205491 Johannesburg SABC TV 1 Network
in English 2000 GMT 10 Jan 91*

[Interview with South African Foreign Minister Pik Botha in Cape Town by SABC Presenter Penny Smythe in Johannesburg on the "Agenda" program—iive]

[Text] [Smythe] Where does South Africa stand on the Gulf issue? On the line from Cape Town Foreign Minister Pik Botha.

Mr. Botha, the threat of war has increased dramatically with the failure of the Baker-Aziz talks. Where does the South African Government stand on this issue? What is the government's viewpoint on the possibility of war?

[Botha] Well, first of all I must agree this evening that the picture is somber, it is certainly ominous, and grave. As far as the South African Government is concerned, we fully support the United States of America, and its coalition partners. We made our position quite clear in a letter to the secretary general of the United Nations. We condemn this aggression. So, as far as South Africa is concerned, let me make that very clear, we are in line with the United States of America's stand as well as its coalition partners.

[Smythe] And what would the implications be for South Africa if there were to be a war in the Gulf?

[Botha] They would be grave, and very serious. I believe if there is to be a sharp, substantial increase, sudden increase in the price of petrol, or oil, that that would affect our economic growth very adversely, that it would stimulate inflation at a time that we were getting it under control. It would adversely affect our exports, it would make imports more expensive because there will be not the same demand for our export goods overseas. In general the whole world would experience a decline in economic growth. This, in our case again, will increase unemployment, which will be bad for us. But, after having said this, and I am under no illusion as to the damaging effect of a war for us, but nevertheless, if we take into account that we have stockpiled oil, albeit for another reason, namely because of sanctions and the oil boycott that was applied against us, that now would prove to be a very handsome oil nest egg. We manufacture fuel from coal, which is another great advance, and thirdly, looking at the total imports of our energy, then you will notice that we import a relatively small percentage of our energy requirements, because we have coal, and a lot of our electricity is generated from coal.

[Smythe] Mr. Botha, there was talk some time ago about Armscor [South African Armaments Corporation] having sold arms and ammunition et cetera to members of the Middle East, and possibly Iraqi Government. What is the possibility of seeing South African arms firing on allied soldiers?

[Botha] Look, with all respect, the main suppliers of arms to Iraq were the Soviet Union, France, European

countries. With all respect, to bring South Africa into the category of arms supplier is just not on. It's not substantial, and I do not believe its a factor at all. We fully support the Americans on this matter. President De Klerk Himself on the lawn outside the White House made it abundantly clear it was accepted with gratitude by the Americans. I am in touch with the Americans, with other governments every day of my life now. I receive reports. We are fully in line with the West, with America on this matter, and no one, no one had raised this matter with us in any negative sense of the word.

[Smythe] Well we would like to thank you very much, foreign minister, for your time, and for your comments. Thank you very much.

[Botha] You are welcome.

Braklaagte Residents Reportedly Flee Bop*MB1101105491 Johannesburg SAPA in English
1024 GMT 11 Jan 91*

[By Johnny Masilela]

[Text] Johannesburg Jan 11 SAPA—Almost the entire population of violence torn Braklaagte village in Bophuthatswana were on Friday [11 January] reported to have fled.

A leading activist taking refuge with others in the Zeerust township of Ipelegeng, in South Africa proper, said on Friday "droves of people" were arriving there, adding: "The whole village has vacated Braklaagte."

He said those who had arrived since the early hours of Friday claimed there had been shooting in the village throughout the night.

Col David George, of the Bophuthatswana Police, said he had received reports that large numbers of people had left Braklaagte, but denied there was any shooting prior to and/or during the exodus.

"Our information is that large numbers of people have left the area, but as far as we are concerned the situation has been all quiet throughout the night," he said.

Col George said police had no idea why there had been an exodus from the village, scene in recent days of violent clashes between alleged ANC [African National Congress] supporters and alleged pro-Bophuthatswana government vigilantes.

Reports from the Ipelegeng township on Friday said many elderly or sickly people had begun arriving from Braklaagte.

Meantime, the South African Police on Friday denied placing the Ipelegeng Roman Catholic Church premises—where a large number of the villagers have taken refuge—under surveillance as alleged by refugees on Thursday.

Said western Transvaal police spokesman Maj B.F. van Heerden: "Police visited the township following requests for protection from several of the people from Braklaagte.

"In view of the fact that there are about 1,000 new arrivals (in Ipelegeng) the police had to interview some of the people to get an idea of what was happening."

The major had no knowledge of an intelligence unit visiting the refugees on Thursday, as alleged by a Braklaagte activist.

11 Jan Press Review on Current Issues, Problems MB1101102191

[Editorial report]

THE CITIZEN

ANC Attitude As If 'In Saddle'—"Perhaps Mr. De Klerk would care to tell Mr. Mandela and the ANC [African National Congress] in forthright terms that it will be his government that will set the stage for the negotiations, it will not accept a constituent assembly, and it does not intend to let an interim government take its place," declares the page 6 editorial in Johannesburg *THE CITIZEN* in English on 9 January. If De Klerk does not do this he "might as well hand the country over to the ANC now." De Klerk should also note that "although Mr. Mandela says the talks are on track, the ANC has toughened its attitude and is going ahead as if it is in the saddle.

BUSINESS DAY

U.S. in 'No Mood for Appeasement'—"If Saddam maintains his determination to hold onto Kuwait, war is inevitable on January 16 or soon after," states a page 6 editorial in Johannesburg *BUSINESS DAY* in English on 11 January. The United States, "using as a precedent the Second World War, is in no mood for appeasement; Iraq seems undeterred by demands for a complete and unconditional withdrawal from Kuwait. The clock has started ticking in earnest."

SOWETAN

Era of White Fear 'Ending'—Johannesburg *SOWETAN* in English on 11 January in its page 6 editorial says it is "especially encouraging" that those government schools which now include blacks in their numbers "are doing so because the white parents whose children had these beautiful schools to themselves in the past voted in favour of opening the schools to all. That can only mean that the era of fear is ending." The "laager is cracking a little more."

CAPE TIMES

ANC Education Stand 'Heartening'—Cape Town *CAPE TIMES* in English on 8 January in a page 4 editorial finds it "heartening" that the ANC leadership is calling

for "greater responsibility and dedication among teachers," and "urging the children to go back to school and carry on with their education." The ANC is showing that "it means business by sending senior officers of its military arm" into the townships to "deliver the message at first hand."

NEW NATION

Black Education Requires 'Immediate Resolution'—The high rate of black examination failures "once more highlights the fact that some of the major problems in our country are going to require immediate resolution—and cannot await the outcome of a negotiations process," states the page 6 editorial in Johannesburg *NEW NATION* in English for 11-17 January. It is "grossly unrealistic" to lay the blame for the high failure rate on students and teachers for what is "a historical problem." "In the same way that education was used to engender a sense of inferiority amongst black students, those who now claim to be committed to change must recognise that our changing value system must first be felt within our education."

THE WEEKLY MAIL

White 'Arrogance' Bubble About To Burst—"White confidence—even arrogance—that 'we' can still run the country better than anyone else is everywhere evident," states Johannesburg *THE WEEKLY MAIL* in English for 11-17 January in a page 28 editorial. "At dinner parties, business lunches, think-tank seminars, in government corridors, one hears one common theme: the ANC is in a mess, they can't run their own head office, they haven't even got an economic policy and they think they can make the trains run on time; on the other hand, isn't F.W. smart and look how he is running things around the ANC..." "A common impression in the political establishment now is that the ANC leadership is so flexible that it has no policies, so tolerant it will settle for minimal changes to the status quo, and so open minded it will accept any explanations. The only problem, goes the theory, lies with a few militants within the organisation." *THE WEEKLY MAIL* believes whites are "enjoying" many of the benefits of the "relaxation of the political climate, without having to bear the costs—yet. Those costs are being borne by those who have always borne them—but the bubble is going to burst."

TRANSVALER

ANC Cooperation Needed for Control of Illegal Weapons—Removing AK-47's from the community "will contribute greatly to the decrease of violent crime," says a page 8 editorial in Johannesburg *TRANSVALER* in Afrikaans on 7 January. "It does not help that the ANC, in this field views itself as a power of occupation, says the weapons of its military wing are under control." "The ANC needs to cooperate because whatever government ultimately is in power, it will be saddled with an uncontrollable situation if the illegal possession of arms is not curbed."

DIE BURGER

ANC Proposes No Positive Action—"Every responsible political organization that wants to rule in a future dispensation, should be concerned about the increasing crime, because it will ultimately render the country ungovernable," cautions Cape Town DIE BURGER in Afrikaans on 7 January in a page 8 editorial. The ANC accuses the government of "doing too little," but subsequently "rejects any plan of action" that is proposed. "By only criticizing without proposing anything positive itself since 2 February 1990, the ANC is repeatedly losing opportunities to take political initiatives in the country."

*Regional Peace Accord in Natal Examined

91AF0323A Johannesburg THE WEEKLY MAIL
in English 9-15 Nov 90 p 35

[Text] A peace accord, brokered by business, may be working in one area of Natal. Mark Gevisser looks at the successes—and failings—of the lower Umfolozi Regional Peace Accord.

There is a string of words breathed like magic in the Natal peace process, words that gather like welcome thunderclouds whenever talks break down or accords are broken: the Lower Umfolozi Regional Peace Accord.

On the first of September, after days of negotiation, the three sides in war-torn Empangeni—the security forces, the African National Congress [ANC] and Inkatha—dressed up in their Sunday best to sign an accord that is touted, across the province, as "the peace that works".

The peace doesn't work. Not yet. But that it has gone so far is astonishing—particularly since it was brokered not by some soft and well-meaning "institute of good intention" or by some strong-armed "agent of the law", but by big business: the Zululand Chamber of Industry and, more specifically, the managing director of the region's largest employer—Alusaf's Ronald Barbour.

After the October 15 meeting of ANC and Inkatha leadership in Durban, Inkatha national chairman Dr Frank Mdlalose said this accord should be used as a model for other trouble spots. The ANC leaders nodded in agreement. A breath-taking piece of public relations that smacks of corporate word-processing and negotiating skills, the accord ends with the plea, "Peace lies in your hands...Grasp it!". It even sports a dove carrying an olive branch on its masthead.

Computer graphics aside, the accord is a substantive blueprint for peace: it affirms the rights of all citizens to freedom of political association, to all forms of legitimate political activity, and to freedom of religious choice. It reasserts the rights of workers "to choose whether or not to support stayaways (and) boycotts"; it forbids intimidation, either verbal or physical, it binds the security apparatus (which, in Northern Natal, has a particularly repressive reputation) to "the impartial protection of all citizens and their property" and, signed

one week before the government clarified its position on cultural weapons, it states that "dangerous weapons should not be carried in public".

The accord was signed by kwaZulu Minister of the Interior Steven Sithebe and the ANC's Jacob Zuma, as well as representatives from the Congress of Trade Unions, the South African Police and the kwaZulu Police, and the mayors of the three townships around Empangeni.

Says Michael Mbuyakhulu, the regional chairman of Cosatu [Congress of South African Trade Unions] in Northern Natal, "the accord has started to produce the kind of desired goals at a leadership level". He says "there was a dramatic drop immediately following the accord" and, despite isolated incidents, "there is less political violence because the police are starting to play their neutral role".

He offers an example from last month: "When it was reported that a young ANC supporter had been abducted and threatened, we called the police and they responded immediately, saving the comrade and arresting three Inkatha people, who they are now charging."

In the lobby of Alusaf's Richards' Bay headquarters, an employee ambles past the receptionist and the two "Mandela en die kaffirs" while black employees within earshot polish the aluminum fixtures.

Upstairs, in the chief executive's panelled boardroom, Ronald Barbour explains his role as Zululand's Mr Peace: "The war up here was threatening the whole infrastructure of the region. And as the biggest employers of the region, of course we were affected. On one level, my motivations for getting involved were simple: if there is peace outside the shop floor, then my workers will sleep well at night, and their levels of anxiety and physical fitness will improve. This, of course, will impact positively on their productivity."

There is no doubt that Barbour has credibility in the region: his brokering could not have succeeded otherwise. After a successful strike to obtain Fosatu [Federation of South African Trade Unions] recognition in 1982, Alusaf has had a comparatively good labor relations record. Barbour, as long-time president of the Zululand Chamber of Industry, was instrumental in facilitating the peaceful resolution of a bus boycott in 1986. "We don't always agree with him," says Mbuyakhulu, who asked the Alusaf MD [Aluminum South Africa Managing Director] to become involved, "but we can trust him to facilitate impartially, and he does have the ability to bring all the parties together."

Barbour was approached by National Union of Metalworkers of South Africa and by the mayor of Esikhaweni township following the burning of 15 homes in mid-July. He agreed to set up peace talks on three conditions: "I would act as a facilitator, and not a judge; I would not get

involved in internecine black politics; and we would keep shop-floor issues and industrial relations out of the talks."

Since the accord was signed, this last condition has proven to be something of a problem: "The unions have threatened," says Barbour, "that if we don't accept certain demands it could impact adversely on the accord. It is definitely being used as a bargaining tool."

Mbuyakhulu counters that "if there is a shop-floor dispute that could lead to violence because of scabbing, then of course it's an obstacle to peace. You can't have peace outside the factory if you don't have it inside. And by getting involved in the first place, Barbour has acknowledged that you cannot separate issues on the shop-floor and in the community."

During the talks, however, all parties did agree to Barbour's three conditions. They brought four points to the table and, over 22 hours, an agenda was hammered out.

"There has always been a certain magic in this part of Natal," says Barbour, explaining why he thinks the peace accord worked. "We've got mature leaders with a willingness to work things out."

There is, however, a real politik more ominous than magic behind this willingness. Because the ANC is weak and disorganized in the region, it had nothing to lose from an accord: if its members were going to be expelled by Inkatha, there would be no second wave to replace them. And because Inkatha won the battles of June and July, some warlords saw no reason to continue fighting. "Making peace in Empangeni was an easy concession for Inkatha," explains Roy Ainslie, of the Democratic Party's Unrest Monitoring Group. "Better to make peace there, and gain all the kudos for it, and free the troops to do battle in more tenuous regions."

There are other reasons for the peace's relative success: the fighting is only months old which means, says Steven Collins of the Institute for a Democratic Alternative for South Africa, "that the leaders are still relatively in control. There aren't these vigilante groups who are acting on their own initiatives in the name of one side or the other, as we have in Durban."

If one single factor has afforded this peace initiative its qualified success it is that the security forces have been involved from the start—not as arbiters but as an implicated party that has been persuaded to sign the agreement along with all other implicated parties.

The security forces are bound to do their job. Barbour claims that he does not use his power to force them into action every time it is necessitated but he does acknowledge that "I do have a certain clout. If one or other party complains to me, I'll tell them to contact the police themselves. Then, if that doesn't yield results, they can come back to me, and, in my role of peace facilitator, I'll get involved."

Since the beginning of the war in Natal and on the Reef, the unions have castigated industry for fuelling the conflict by remaining aloof from it. The relative success of this accord lends substance to the argument that industry has the means to bring about peace.

"The peace accord itself is excellent," says Mandla Mthethwa, ANC representative for the Northern Natal region, "but the problem has been in its application. Principles alone can't bring peace—they have to be taken to the people and accepted."

Barbour says "a crucial turning point in the negotiations was when the ANC/Cosatu people agreed to accept the mayors of the townships as neutral arbiters, even though they are members of Inkatha".

It appears that the ANC agreed to this because it was negotiating from a position of weakness. But the problem now seems to be that while the mayors of the townships of Enseleni, Ngwelezane and Esikhaweni are supposed to play a neutral and peacemaking role, they are indisputably Inkatha functionaries.

On one hand, they do not have the credibility with ANC/Cosatu grassroots membership to act as neutral arbiters and, on the other, they are regarded by the more warmongering elements of Inkatha as sellouts who were acting without a mandate from the people. When, for example, the mayor of Enseleni took the accord to his constituency, it was rejected. He was forced to say that he signed it in his capacity of mayor, and not as representative of Inkatha.

If the pivotal mayors are acting in a neutral capacity, it means there are no local signatories to the accord who are expressly representing the interests of the Inkatha Freedom Party.

"One of our major mistakes," says Barbour, "is that we did not involve the local chiefs and members of the kwaZulu legislature."

Local branches of the Inkatha Youth Brigade are also apparently angry about the accord. The next step is to expand the accord to these people but this is proving to be difficult. One meeting has been cancelled because the chiefs did not arrive: even though some warlords are willing to make peace because they don't see the point of fighting a battle already won, others wonder why peace should be made at all.

Another flaw of the accord is that, while listing 15 solid and worthy principles, it does not set in stone the mechanisms to ensure adherence to them. There is no monitoring group to assure police impartiality and justice once those charged reach the courts and there is no schedule to bind the signatories to regular meetings. "I am worried," says Barbour, "that the peace we have at the moment will give a false sense of security, and everyone will lose interest. We might not have a flaming conflagration but we'll have a running sore."

The peace is the first of its kind in Natal, and the fact that Inkatha, the ANC and the security forces spent 22 hours in a room and came to an agreement makes it unique. But the principles it espouses are a long way from being realized: the ANC, for example, has not established one branch north of the Tugela River. There is no freedom of association in Zululand yet.

***COSATU Cites Accomplishments at Anniversary**

91AF0397A Johannesburg THE NEW NATION
in English 6 Dec 90 p 12

[Text] COSATU [Congress of South African Trade Unions] turns five tomorrow in a year that has brought dramatic political changes to the country.

Since the unbannings of February 2, Cosatu has replaced Sactu [South African Congress of Trade Unions] in the tripartite alliance with the ANC [African National Congress] and SACP [South African Communist Party].

This brings new complexities into Cosatu, which still has to resolve whether in the longer term union leaders should also lead political organisations. The federation also has to clarify how it will fit into the negotiations process.

Some unionists are proposing direct Cosatu representation at future ANC-government talks and in the Constituent Assembly.

Coup

Meanwhile in the spirit of negotiation which is beginning to take root in the country, Cosatu has secured its own coup in labour-sector negotiations between itself, Nactu [National Council of Trade Unions], employers in Saccola [South African Consultative Committee on Labor Affairs] and the state.

After a three-year struggle the state has finally agreed to make the changes to the Labour Relations Amendment Act (LRAA) demanded by Cosatu, Nactu and Saccola.

Though Cosatu sees the struggle for new labour legislation as a long-term campaign, the most oppressive aspects of the LRAA are expected to be removed by next year.

Farmworkers

The state has also undertaken to make proposals by June 1991 on how farmworkers should be covered by the law.

If Cosatu's demands concerning farmworkers are to be taken seriously, the federation will have to devote more energy to organising this sector. Despite its commitment five years ago to organise the sector, it has so far failed to do so.

The federation has also been negotiating for labour legislation in the Bantustans and has met with success in the Transkei, Ciskei, Venda and Lebowa. Negotiations

in KwaNdebele are continuing while Bophuthatswana, Gazankulu and KwaZulu still have to be tackled.

A spin-off of the successful negotiations in the Bantustans is that Cosatu has been legalised and is beginning to make inroads into recruiting workers in the Bantustans. However, a large number of workers coming into the federation from the Bantustans are civil servants, and Cosatu will have to decide how to accommodate them. Civil servants are in a similar category to the teachers which Cosatu recently managed to unite into the SA [Republic of South Africa] Democratic Teachers Union (Sadtu).

Bantustans

While the formation of Sadtu is one of the federation's great achievements, Cosatu still has to ensure that the union becomes an affiliate.

So while Cosatu has succeeded in winning more favourable labour laws, it still has to organise new areas like the Bantustans and new sectors like farmworkers and civil servants to take advantage of the improved laws.

While the anti-LRAA campaign is one of the federation's biggest successes so far, it has developed a more sophisticated and systematic approach to campaigns over the past year, which should augur well for its future campaigns.

Campaign co-ordination was identified at last year's congress as one of the federation's major weaknesses. As a result, Cosatu has established a structure to ensure the efficient running of campaigns.

The new structure ensures proper co-ordination and that affiliates take responsibility for directing and leading their own campaigns, instead of placing the burden on the Cosatu secretariat.

Working committees have been set up to deal with campaigns around the LRAA, Living Wage, Workers' Charter, Anti-Privatisation, Barlow Rand, Goods and Services, and Human Resources and Training.

Commissions

Commissions may be established to deal with the Goods and Services as well as the Human Resources and Training campaigns, as their orientation is more long term.

Goods and Services is chiefly concerned with housing and transport, while Human Resources and Training is aimed at gearing workers to take up responsible positions in a future South Africa.

Cosatu's head office is also being restructured to ensure that the federation is run more efficiently.

A sophisticated computer system linking the federation to all its affiliates and regions has been set up.

The federation also aims to expand its overstretched education department, and to establish an organising department and international desk.

The main focus of the organising department will be to expand into new areas and sectors, to strengthen weak affiliates and to train organisers.

Cosatu regions are still particularly weak, and the domestic, health, construction and municipal sectors need a lot of attention.

Strike Violence

The federation will also have to start addressing strike violence. All the major strikes this year have been fraught with violence, both from bosses and the strikers themselves.

Unless Cosatu manages to combat employers' hardening attitudes and violence from its members' during strikes, it could face mass dismissals and membership losses.

Cosatu's assistant general-secretary Sydney Mufamadi, has been freed from most Cosatu responsibilities to deal with community violence and it is possible he will also begin to address strike violence.

*NUM Scores Victory in Mine Cutback Talks

91AF0397B Johannesburg THE NEW NATION
in English 6 Dec 90 p 12

[Text] Months of negotiations between the National Union of Mineworkers (NUM) and Anglo American's Freegold South mine will result in the reduction of proposed retrenchments from almost 8,000 to 1,800.

The reduction is the outcome of a number of proposals made by the NUM, including longer leave for workers.

Mineworkers have been highly critical of the decision to cut back on jobs in the mining industry, saying it is aimed at increasing profits. According to NUM calculations, Freegold South would have saved R100 million [rands] in wages had it gone ahead with the proposed 7,800 retrenchments. This would have translated into an additional R67 million in profit, assuming the retrenchments would have resulted in a drop in production to tune of R37 million.

It was against this background that the union argued the retrenchments were not entirely due to economic conditions. It is significant that the retrenchments are defined as cut-backs in employment for economic, technological or structural reasons.

Bosses and the NUM were close to concluding an agreement this week. Once signed it will lay the basis for future retrenchment negotiations in an industry which in recent months has seen widespread scaling-down.

At least 25,000 workers have lost their jobs in the past two years and employers have announced plans that will effectively wipe out more than 20,000 jobs by the end of

this year. According to NUM projections, 100,000 miners could be out of jobs within the next 10 years.

Freegold South, which employs more than 107,000 workers, is the world's biggest gold mine. The NUM argued that the planned 7,800 retrenchments could be staved off if workers were given an additional three weeks' unpaid leave.

The union also has a recall provision built into its proposal which ensures that retrenched workers will be employed at the first opportunity that arises, at current rates. Transport costs for workers returning to the mine will be paid by the company.

A similar agreement was recently reached with another Anglo division, Amcoal. In terms of this agreement a retrenchment fund, which will be administered jointly by the union and the company, will be used to compensate retrenched workers.

Training will also be given to workers so they can earn a living after being retrenched. The training, to be paid for by the bosses, will include welding, motor mechanics, carpentry and bricklaying. Amcoal also agreed to suspend overtime, job-sharing schemes and short time at its collieries.

One of the most significant aspects of the agreement is the company's commitment to discuss cost-saving measures, including restructuring the running of the mine, with the NUM.

After the announcement of massive retrenchments a few months ago, the NUM said, "mine bosses, in pursuit of selfish economic interests, have distorted the entire mining industry." It also charged that at the core of the crisis was economic mismanagement and the serious lack of social responsibility towards miners.

The union's participation in determining how the industry should be run could have far-reaching implications in addressing this shortcoming.

*Mayor Predicts Massive Poverty in Cape Town

91AF0397C Cape Town THE ARGUS in English
29 Nov 90 p 1

[Article by Don Holliday: "Poverty, Unemployment Rampant in Cape Town by 2000—Mayor"]

[Text] A gloomy picture of Cape Town in 2000—a city of rampant poverty, unemployment, social problems and population growth and with the highest property rates in the country—has been painted by mayor Mr Gordon Oliver.

He told a Institute of Personnel Management annual meeting yesterday that greater Cape Town would have a population of at least 3.5-million in 2000, with an annual growth of about 3.2 percent.

About half these people would be younger than 24 and very poor. More than half the families would have incomes of R300 [rands] a month and would be less educated than at present.

Most of the population would be living on the periphery of the city, far from their workplaces.

People had to realise Cape Town was a city experiencing, among other things, rural-urban migration, metropolitan sprawl, high net population growth, high unemployment among school-leavers especially, a severe shortage of decent housing, declining health standards and widespread social conflict—including crime, alcoholism, delinquency and child neglect.

"In the immediate to short term we will have to embark on a massive programme to provide for basic survival needs such as food, shelter, health, employment and utilities such as water, sewage disposal, electricity and transport."

Mr Oliver said detailed attention would also have to be given to the personal fulfillment needs of the population, such as education and training, recreation and amenities and participation in decision-making.

"We're looking at a future where demands on limited resources will increase and we cannot anticipate that material resources will grow apace.

"Cape Town already has one of the highest municipal tax rates in the country and we can expect this to get worse.

"It is increasingly clear that traditional formal employment will not provide enough earning opportunities and that self-employment will have to provide income for an increasing proportion of income generators."

Mr Oliver said labour productivity had increased by only 1.9 percent in the past 20 years. One of the reasons for this was the shortage of skilled workers.

In 1985 only 35.7 percent of whites, 4 percent of coloureds, 13.5 percent of Asians and 2.3 percent of blacks had matric or tertiary qualifications.

***Bumper Fruit Harvest Expected in Western Cape**

91AF0397D Cape Town WEEKEND ARGUS
in English 24 Nov 90 p 1

[Article by Derek Tommey]

[Excerpt] Johannesburg—Farmers in the Western Cape and Langkloof are expecting another bumper deciduous fruit crop after one of the coldest and wettest winters on record.

Mr Fred Meintjes, manager, public affairs, for Unifruco, the deciduous fruit industry's marketing arm, is not prepared to go as far as the farmers in forecasting a record harvest.

He says it is still some time before the fruit can be picked.

"But when the winter has been cold and the dams are full, we usually get an excellent crop of fruit," he says.

In the season just ended about 33 million cartons of fruit were exported.

The growth of the deciduous fruit industry in the past nine years has been phenomenal.

In 1981, exports were worth R300 million [rands]. By 1988-1989 they had risen to R976 million. In the 1989-90 season they jumped to R1.31 billion.

As an earner of foreign currency the deciduous fruit industry is on a par with the entire pulp and paper industry.

The favourable weather conditions in the past winter, together with recent plantings now beginning to bear, could produce an even greater bonanza for farmers this year.

They have done well out of the export fruit boom. In 1981, payments to farmers totalled R84 million.

By 1988-89 these payments had jumped to R510 million, and in the season just ended to R767 million. This represents a ninefold increase in earnings in nine years.

The farmers like to say all this was achieved at a time when many countries were imposing boycotts on SA [Republic of South Africa] exports.

But the sustained high quality of South African fruit in the end helped the industry overcome many barriers.

Mr Meintjes says most exports lose their South African identity once they leave the country.

By contrast, South African deciduous fruit maintains its identity until it reaches the retailer.

In the mid-1980s, when the industry was battling against boycotts, there was some suggestion locally that the origin of the fruit be concealed.

But the biggest German fruit dealer insisted the name "Cape Fruit" be retained on all cartons, otherwise the industry could lose its markets. This turned out to be wise advice.

Today Unifruco exports 142 different products with 1,400 different specifications to 40 countries. However, Europe is still the main market.

South Africa is the natural supplier of deciduous fruit to Europe, says Mr Meintjes.

Fruit shipped from Cape Town takes 14 days to get there. This, together with the best packaging in the world, enables it to retain its superior quality. [passage omitted]

Angola

Savimbi 'Optimistic' About Peace Process

MB1001172691 London BBC World Service
in English 1709 GMT 10 Jan 91

[From the "Focus on Africa" program]

[Text] While Angola is supposed to be moving toward a settlement of the civil war, fighting has erupted again. The recent meetings in Washington involving UNITA [National Union for the Total Independence of Angola] rebels, the MPLA [Popular Movement for the Liberation of Angola] government, the Russians, and the Americans, began to thrash out an agreement for the future of Angola after a cease-fire. But now UNITA is reported to have moved against the railway town of Munhango, in central Angola, while UNITA claims the government has been launching bombing raids, including strikes against UNITA headquarters at Jamba in the southeast.

Well, UNITA's leader, Jonas Savimbi, is in Ivory Coast today. On the line, Robin White asked him about the bombing raids.

[Begin recording] [Savimbi] The day I left, yesterday, we had already four bombings in Jamba, two in Licua, and in other places.

[White] How much damage was done?

[Savimbi] I think this time we had some people killed and injured. It is not too many but the past times we did not have any. But this time we had some.

[White] Do you have anti-aircraft cover?

[Savimbi] We have, yes.

[White] And (it) let you down, did it?

[Savimbi] They fly too high to hit them, but they do not fly low enough to be accurate in their bombings.

[White] There have been also reports that you are mounting an offensive on Munhango. Is that right?

[Savimbi] It was not an offensive. Munhango has been in our hands for years. Then, the government has taken it from us and it is really in the middle of the liberated area of UNITA and it was very difficult for the people to live at ease with that enclave within the liberated territory. So, then, we had to clear that one. It is not an offensive at all.

[White] Have you retaken Munhango?

[Savimbi] Yes, we did.

[White] And when was that?

[Savimbi] It was on the first day of the year, which was 1 January.

[White] You have quoted as speaking yesterday rather optimistically about the peace process? How can you be optimistic about the peace process when all this fighting is still going on?

[Savimbi] Yeah, I am real optimistic because I think, first of all, time is running out for everybody. Time is running out for the government, time is running out for UNITA, and the people in Angola, they do not want to hear about war anymore. They want peace. Then, before we conclude a cease-fire, there will be just a few skirmishes between us and the MPLA and the government will bomb our areas. We regret when we have to lose lives.

[White] But if they are not just small skirmishes, they are major bombing raids by the Angolan Government, and here are you taking large towns?

[Savimbi] There is no large town. Munhango is not a large town. It is nothing. It is just a small village. As I said before, it is an enclave within the liberated territory and we have all our people around. Then, we could not resist the pressure from the people to clear that point at all but we are not attacking any big town. [end recording]

Comments on Process

MB1101082691 (Clandestine) Voice of Resistance
of the Black Cockerel in Portuguese to Southern and
Central Africa 0511 GMT 11 Jan 91

[Text] Comrade President Dr. Jonas Malheiro Savimbi recently visited the Republic of Zaire and made an important statement while at the UN branch in that country.

Dr. Savimbi said there are no doubts that 1991 will be the year of national reconciliation and that the Washington accord will serve as the basis for upcoming rounds of talks.

Comrade President Jonas Savimbi disclosed that UNITA [National Union for the Total Independence of Angola] made important concessions in Washington. He reiterated UNITA's position that the date for internationally supervised free and fair elections must be set on or around the time when a cease-fire accord is signed.

Embassy Accuses UNITA of 'Making New Demands'

MB1101052491 Johannesburg SAPA in English
0241 GMT 11 Jan 91

[Text] Harare Jan 10 SAPA [dateline as received]—The Angolan Government has said the UNITA [National Union for the Total Independence of Angola] rebel movement can not operate without South Africa's help and accused UNITA of altering terms of agreements reached at their last round of talks in Washington, Zimbabwe's ZIANA news agency reports.

A statement issued by the Angolan Embassy in Harare said UNITA proved it could not act independently without the influence of foreign powers, especially South Africa.

"It is evident, the fact of UNITA attributing its alliance with South Africa as the vital character for its survival, thus being

forced to act according to the Pretoria regime strategies whose aims in southern Africa, particularly Angola, do not conjugate with honourable and just solution in the Angolan conflict and undermine the principles established in Washington," the statement said.

The UNITA movement was also accused of making new demands not contained in the Washington agreement.

UNITA came up with a 10-point communique after a recent meeting held at Jamba, southern Angola, which the Angolan Government described as "strange demands".

It said after the Washington talks, what remained was the signing of the ceasefire but UNITA used delaying tactics and "try to seize power by force of the gun, after the complete withdrawal of Cuban troops from Angola this year".

The Angolan Government, however, said it would stand firm by its resolve to undertake political and economic reforms which would be completed this year to create political pluralism.

On UNITA demands to have the transition period being supervised by an international body, the Angolan Government said this revealed the rebel movement's lack of respect for the present government.

The country was independent and recognised internationally, the statement said.

UNITA Says Savimbi 'Must Win' To Save Nation

MB1101102291 (Clandestine) Voice of Resistance of the Black Cockerel in Portuguese to Southern and Central Africa 0515 GMT 11 Jan 91

[Commentary: "The MPLA-PT Is Afraid of UNITA"]

[Text] The reign of terror is over. The illusion that the MPLA-PT [Popular Movement for the Liberation of Angola-Labor Party] was invincible has been done away with. The myth that the MPLA-PT was superior to UNITA [National Union for the Total Independence of Angola] has effectively been dispelled.

The MPLA-PT ringleaders' poor vision of an Angola that was restricted to Luanda itself ends as of this moment. Now all Angolan patriots in all Angolan provinces are standing united to defend the common ideals of freedom, effective multiparty democracy, and social justice, thereby terminating the tyranny of the puppet Luanda regime.

The MPLA-PT regime will go down in history as a hideous, murderous, corrupt, and highly tribalist government. It has been served by experts in the fields of execution and rampant thievery. Now they do not know how to protect themselves. They have only learned to do harm to Angolans in schools in Cuba and in the former GDR. Those Angolans only brought rottenness from those places. The MPLA-PT now sees that ethnic barriers are being overcome thanks to UNITA's national policy. Eduardo dos Santos, the MPLA-PT's chief ringleader, has already become panicky and seen the need to

seek reconciliation with everybody, including people in whose murders he was an accomplice.

Unfortunately, he just does not know how to reconcile himself with real and living patriots, to allow us all to build a nation that is truly united, proud, and determined to move forward along the path of progress. Peace is frightening to the MPLA-PT ringleaders. They do not know what they will do when they no longer control their assorted mechanisms for terrorizing and repressing the Angolan people. This is why we are always hearing of more and more structural reforms. Those reforms are only covers for such professional assassins as Kundi Paihama, Ze Maria, Fernando da Piedade Dias dos Santos, and Francisco Magalhaes Paiva Nvunda. They were all trained in Cuba and in the former city of East Berlin.

There is so much panic within the MPLA-PT's ranks that its ringleaders cannot even read documents properly. They cannot even remember the stands they had previously taken with regard to the Washington declaration of 13 December 1990. They are shouting to every corner. They are crying without tears. They are trying to blame UNITA. However, we are well aware of who is trying to fool the Angolan people and the international community: It is the MPLA-PT.

Nevertheless, we must not forget the Luanda regime. It will not be able to fabricate another Alvor Accord. In other words, it will not be allowed to lie to the Angolan people yet again. The cease-fire accord will be controlled and verified by an international body. Free and fair elections will also be controlled and verified by an international body. The stage of transition from a cease-fire accord to free and fair elections will be short, fully detailed, and well-planned.

What worries the puppet Luanda regime is that UNITA will no longer agree to sign a blank check, thereby pinning all of its hopes on mediation.

The Angolan people must be in no doubt that the revolutionary and patriotic Armed Forces for the Liberation of Angola, FALA, will always defend the Angolan people's deepest aspirations. There will be no surprises in this area. If talks are under way for real peace in Angola, that is because the FALA forces stand united and determined under the sole command of Dr. Jonas Malheiro Savimbi, FALA supreme commander and general of the army.

The UNITA of Cabinda Province is the same as the UNITA in Jamba. The UNITA of Lobito is the same as the UNITA of Teixeira de Sousa [Luau]. The UNITA of Uige Province is the same as the UNITA of Moxico Province. The UNITA of Luanda city is the same as the UNITA of Bie city. The UNITA of Lunda Province is the same as the UNITA of Cunene Province. The UNITA of Banza Congo, in Zaire Province, is the same as the UNITA of Huambo. The UNITA of Benguela is the same as the UNITA of Menongue. The UNITA of Malange Province is the same as the UNITA of Huila Province.

All Angolan patriots are united under UNITA's flag to defend Angola's identity and to achieve multiparty democracy.

President Dr. Jonas Malheiro Savimbi must win in order to save Angola!

Long live our beloved President Dr. Jonas Malheiro Savimbi!

Long live UNITA!

Long live the FALA forces!

Forward with our revolution—now!

Malawi

Tete Violence 'Almost' Isolates Country

MB1101123491 Johannesburg SAPA in English
1157 GMT 11 Jan 91

[Text] Harare Jan 11 SAPA—Malawi appeared almost entirely cut off from the outside world on Friday [11 January] after renewed violence broke out on the Tete corridor in Mozambique, its trade lifeline, this week.

Alban Chidawanyika, chief executive of the Zimbabwe Transport Operators Association, said on Friday trucking companies had been advised to stop sending vehicles to Malawi through the 262km road link from northern Zimbabwe through Renamo [Mozambique National Resistance]-infested Tete Province to the Malawian border post of Zobue because of a sudden outbreak of violence in the wake of the withdrawal of Zimbabwean convoy escorts.

He confirmed at least eight heavy vehicles had been attacked by Renamo since Tuesday, but could not give details of human casualties. However, sources said it was believed up to 10 people had been killed in ambushes.

The signing of a partial ceasefire between Renamo and the Mozambique Government in Rome on December 1 confined Zimbabwean troops to two narrow transport routes, the Beira corridor and the Limpopo corridor in central and southern Mozambique, and obliged the Zimbabwe National Army to withdraw its troops from the Tete corridor.

The last convoy to be escorted ran from Zobue to the Zimbabwe border post of Nyamapanda on December 21, after the convoys, bringing Malawi crucial supplies of grain and fuel, ran almost unmolested for a year.

Mr. Chidawanyika said all the attacks occurred north of the city of Tete and around the mining centre of Moatize.

The first occurred on Wednesday when a Malawian-owned fuel tanker truck, running to pick up fuel in Harare, was "caught in crossfire" and the driver injured. The cab section of the truck was burnt out, but the empty tanker was intact, Mr. Chidawanyika said.

On the same day, three trucks belonging to Colbro, a Zimbabwean trucking firm, came under rocket attack, but were able to reach Zobue without injury or damage.

On Thursday, he said, a driver with the Malawian firm, Trans-Africa Transport [TAT], was injured by small arms fire when his vehicle was ambushed.

Later in the day, four trucks, three of them belonging to TAT and one to Unitrans, which is registered in Malawi and South Africa, were set alight in ambushes, Mr. Chidawanyika said.

A convoy of 14 heavy vehicles, five of them loaded with fuel, came across the burning vehicles on Thursday, and "the drivers got scared", he said. "They ditched their trailers and headed back to Tete without the trailers." There is no indication yet of what happened to the drivers of the four vehicles set alight.

There was no information on the fate of the 14 trailers dumped at the side of the road, while the drivers were reported to be stranded in Tete.

Mr. Chidawanyika said the Transport Operators Association [TOA] had appealed to the Zimbabwe Government to ask the joint verification commission, the body of international observers created by the Rome accord to monitor the partial ceasefire, to intervene to allow the transport companies to retrieve their stranded vehicles and drivers.

The TOA is also looking at alternative routes to keep supplies to Malawi flowing, and the most likely is the considerably longer, more expensive and complicated route through Zambia, Mr. Chidawanyika said. "We are really in a spot," he added.

Mozambique

Italian Envoy Comments on Attacks, Accuses Renamo

MB1001180891 Maputo Domestic Service
in Portuguese 1732 GMT 10 Jan 91

[Text] The joint commission for verifying the partial Rome accord signed by the Mozambican Government and Renamo [Mozambique National Resistance] concluded in Maputo today that three of the incidents reported by the Mozambican Government were probably carried out by Renamo forces.

Those attacks occurred in the locality of Motaze, in Chokwe District, and along the Beira Corridor, namely at Manga and at kilometer 396.

Speaking about the commission's findings on the attack on Motaze, Italian Ambassador to Mozambique Manfredo Incisa di Camerana, the chairman of the Joint Verification Commission, said that Renamo had refused to assume any responsibility concerning the incident. He noted there is no direct evidence linking Renamo with the attack, but Italian Ambassador Manfredo di Camerana added that the nature, the force, and the good coordination of the attack have led the commission to believe that the attack was probably carried out by Renamo forces.

Regarding the attack on the area of Manga, in the Beira Corridor, Manfredo di Camerana said:

[Begin di Camerana recording] Taking into account the fact that Renamo has refused to assume any responsibility concerning the incident, and though there is no direct evidence linking Renamo forces with this attack, we have had to consider the following points:

- A. The direction of the attacking forces, both when they closed in on the target and when they withdrew, from and to areas that are recognized as Renamo's;
- B. That none of the elements in the attacking forces was recognized by the local population;
- C. The weapons and explosives that were used;
- D. The military tactics employed in the attack;
- E. The number of the attacking forces;
- F. The apparent motive for the attack, clothing, and cooking utensils, with the exception of money. [sentence as heard]

The commission therefore concludes that it was most probably an attack carried out by the Renamo forces. [end recording]

Regarding the third incident, which occurred at kilometer 396, in the Beira Corridor, Ambassador di Camerana said, quote, taking into account the fact that Renamo has refused to assume any responsibility concerning the incident, and though there is no concrete evidence linking Renamo with the incident, the [word indistinct], nature, and objectives of the attack lead the commission to conclude that it was probably an attack carried out by Renamo forces.

Namibia

NPF Calls on Government To Reprimand Angola

MB1001195091 Windhoek Domestic Service
in English 1900 GMT 10 Jan 91

[Text] NPF [National Patriotic Front of Namibia] leader Moses Katjuongua has called on the government to reprimand the Angolan Government for violating Namibian air space and for dropping bombs in Namibia.

Katjuongua told a news conference that it was obvious where the bombs came from, and an investigation was not necessary before summoning the Angolan ambassador.

He said the government's attitude would have been different had the bombs been launched from a source other than Angola.

Katjuongua accused the government of trying to silence some newspapers which had not praised it, and described such an attitude as undemocratic. He said politicians should learn to coexist peacefully with the media.

The NPF president also condemned the government's handling of the issue of valid travel documents between Namibia and South Africa as incompetent and unprofessional.

He said it was shocking that Foreign Minister Hage Geingob had to negotiate with a South African policeman at a border checkpoint.

Zimbabwe

Cuban Envoy Says Angolan Pullout Early

MB1001182691 Johannesburg SAPA in English
1811 GMT 10 Jan 91

[Text] Harare Jan 10 SAPA—Cuba is ahead of schedule in withdrawing its forces from Angola and wants to stick to its timetable—but reserves the right to take any measures to respond to unprovoked attacks by UNITA [National Union for the Total Independence of Angola]. Cuba's ambassador to Zimbabwe, Eumelio Caballero, said on Thursday.

Zimbabwe's ZIANA News Agency reported on Thursday that Cuba's ambassador told journalists at a press conference, held to mark the 32d anniversary of the Cuban Revolution, that recent unprovoked attacks on Cuban forces underlined the criminal nature of UNITA's activities.

"These criminal actions by UNITA are the direct result of the unconditional support they receive from the United States Government. The USA thus assumes full responsibility for the consequences these actions will derive," he said.

The Cuban Government supported peaceful resolutions of the civil conflicts in Angola and Mozambique, he said.

He was adamant that the Cuban socialist system would not collapse as had happened in Eastern Europe or face similar problems to those being experienced in the Soviet Union.

He said his country's system was unique in that it derived its relevance from a collective experience and had withstood United States manoeuvres to break it.

Mr. Caballero said: "The Cuban socialist system was not imported or imposed. It is legitimate and genuine. It is linked to our struggle."

He said giving up Cuban socialism would amount to reverting the political, social and economic development that took place since 1959 to the colonial period status.

On southern Africa, Mr. Caballero said: "We salute the achievements attained by the black people of South Africa in their struggle for the eradication of apartheid."

"However, we observe with preoccupation the slow pace and the growing obstacles that are affecting the process of dialogue initiated between the ANC [African National Congress] and the De Klerk government, particularly the increasing violence in the country and the manoeuvres of the racist regime in trying to preserve the privileges of the white minority."

He said international economic sanctions against Pretoria should be maintained.

Liberia

Sawyer Hails AFL Statement, Praises ECOMOG

AB1001135291 Monrovia Radio ELBC
in English 0900 GMT 10 Jan 91

[Text] Interim President Dr. Amos Sawyer says he is gratified that the AFL is clear about its devotion to the Liberian Constitution. Responding to a position statement presented to the interim government yesterday by the AFL, the president called on Liberians to quickly abandon power struggle, selfish consideration for political positions, and ensure that the interest of ordinary citizens are pursued. Dr. Sawyer regretted the many Liberian children and mothers who are facing death because of malnutrition and the scars of the conflict which has affected Liberia. He called on Liberians to discard all attitudes that may lead to recrimination, adding: The interim government of national unity is committed to protecting the rights of all Liberians regardless of ethnic group or otherwise.

The president later thanked ECOMOG [Economic Community of West African States Cease-Fire Monitoring Group] for helping to restore safety to Liberia. We call upon all our people to join forces as the interim government has no interest in dispensing collective guilt.

Ivory Coast

Opposition Demonstrations of Support in Daloa

Five Wounded

AB1001133691 Paris AFP in French 1236 GMT
10 Jan 91

[Text] Daloa (Ivory Coast), 10 Jan (AFP)—Several hundred people today demonstrated in support of an opposition leader in Daloa (300 km northwest of Abidjan), and at least five of them were wounded by the gendarmes, according to an AFP reporter at the scene. Prof. Bamba Morifere, leader of the Ivorian Socialist Party [PSI] and former deputy for Daloa, had asked the demonstrators to converge on the prefecture, but gendarmes rapidly intervened to disperse them with rifle butts and belts.

Mr. Morifere, long-serving deputy of the ruling Democratic Party of Ivory Coast [PDCI] when that party was the only active party, created the PSI last spring and stood for the legislative and municipal elections in his constituency in November and December but was defeated by a PDCI candidate. His supporters, who have denounced the reported "rigging" of those elections, have called for another demonstration on 13 January.

12 Wounded, 27 Arrested

AB1001155291 Paris AFP in English 1548 GMT
10 Jan 91

[Text] Daloa, Ivory Coast, Jan 10 (AFP)—At least 12 people were injured Thursday when security forces violently dispersed hundreds of people demonstrating in favour of an opposition leader in this city 300 kilometers (190 miles) northwest of Abidjan. Professor Bamba Morifere, leader of the Ivorian Socialist Party (PSI) and former MP [Member of Parliament] for Daloa, had organized the demonstration, calling protesters to march on the prefecture to protest alleged fraud in elections in November. Gendarmes were rapidly sent in to break up the crowd near the city's mosque and main market. An AGENCE FRANCE-PRESSE reporter said 27 arrests had been made and that security forces had beaten demonstrators with rifle butts and belts.

Mr. Morifere created the PSI and stood as the party's candidate in November's legislative polls, at which he was edged out by a candidate from the ruling Democratic Party. His supporters said they were calling a new demonstration for Sunday. Ivory Coast introduced a multiparty system last May.

Nigeria

President Babangida's 1991 Budget Speech

AB0401174691 Lagos THE GUARDIAN in English
1 Jan 91 pp 11-14

["Text" of Nigerian President Ibrahim Babangida's 1991 budget speech; place, date not given]

[Text] Fellow citizens, the 1990s are proving to be a momentous decade for our nation and the world. Already, it has been a mixture of hope and despair; of optimism and pessimism. In terms of policy structure and resource planning, the external environment has become more volatile and unpredictable.

Profound changes in Western Europe have culminated in the reunification of Germany and the wider movement towards an integrated Europe in 1992. The strains of structural shift in Eastern Europe and the Soviet Union are telling on their economic and financial strength.

Currently, tension and anxiety are everywhere, as a result of the Persian Gulf crisis. The initial optimism which greeted the Uruguay round of multilateral trade negotiations is being dimmed by conflicts over the resurgence of protectionism. The African political economy is itself experiencing more than a little change.

The potentials for growth and development in Africa nevertheless remain high, although with strong caveats. Promising gains the growth of aggregate domestic output can be wiped out both by high population increases and by continuing net financial outflows to the rest of the

world. The spectre of unbearable foreign indebtedness seems to be casting a permanent shadow on our future prosperity.

We are aware that the extent to which African countries are affected positively and adversely by the policies and actions of the industrialised powers must be constantly weighed in our programmes design.

We are, however, also acutely aware that ultimately, it is our own domestic system which holds the real key to our national salvation. Whatever Nigeria is to achieve in the rest of the world, it must first make its domestic political economy viable and prosperous.

State of the Nation's Political Economy

The overall effects of our policy measures in 1990 were to a large extent, satisfactory. The economy appeared fairly settled during the year with improved domestic output, a general stable exchange rate and a substantially reduced rate of inflation. The economy would have performed better still, but for a number of problems which affected successful implementation of some of our key economic reform programmes.

Some of these problems included the low rates of savings and capital formation, continued urban unemployment and underutilised productive capacities, and seemingly intractable large fiscal deficits by government.

Others were persistent latent pressures in the foreign exchange market; inability of non-oil exports to generate significant foreign exchange to supplement our receipts from petroleum; and increasingly high external debt-service payments and leakages in the system of public administration.

In 1990, the gross domestic product (GDP) at 1984 constant factor cost increased by 5.2 percent to stand at N86.1 billion, compared with a revised increased of 5.3 percent in 1989. The main sources of growth were agriculture, manufacturing, crude petroleum, finance and insurance.

With regard to the external sector, the overall balance of payments registered a surplus of N8.702 billion during the first half of 1990, which more than doubled the surplus of N3.469 billion recorded during the same period in 1989. The substantial growth in external assets reflected increased receipts and the policy of reserve build-up to reestablish confidence in the economy. It also reflected, in part, the deferment of some debt service obligations which fell due during the period.

During the year, the Gulf crisis affected developments in the international oil market. Although the resulting movements in oil prices were erratic, our realised prices were above the \$16 per barrel envisaged in the 1990 budget. In deciding on the utilisation of the extra revenue from oil, we were guided by the lessons learnt from the oil boom of the mid-1970s and its aftermath. We also

took cognisance of the inherent uncertainties surrounding probable world oil prices in 1991 and beyond. There is the popular but erroneous impression that because of the reported upward movements in the spot price of crude oil, a large reservoir of financial "wind-fall" has accrued to us, and that this needs only prudent management on the part of government in order to create a second-generation "oil-boom." True, the temporary enhanced earnings helped us reduce the enormous budget deficits. But most of the extra earnings were in fact sterilised in building up the nation's foreign exchange reserves. It would take a little while more for the 1990 accounts to be certified and published.

Still, the current account surplus rose sharply from N0.811 billion in the first half of 1987 to N7.457 billion in the first half of 1990.

By contrast, however, the capital account weakened substantially, with the deficit widening from N2.454 billion to N16.643 billion, reflecting the increased amortisation of external debts, decline in external loan drawings and increased outflow of short-term capital.

The federal government expenditure during the period amounted to N49.48 billion. When set against the retained revenue, there was indeed a deficit of N22.26 billion. The increased expenditure was due to extra-budgetary releases for projects which were judged vital to the structural transformation of the economy, and for the smooth implementation of the political transition programme. The large government deficits in ways and means advances were thus necessitated by government's determination to ensure due completion of several dormant but vital projects.

The problem of inadequate foreign exchange, high cost of funds, low consumer demand and lack of spare parts contributed in no small measure to keeping production in most of our industries below installed capacity. Consequently, industries were not able to expand and create substantially more employment opportunities. However, government is delighted that the manufacturing sector has intensified its efforts to source locally their raw material requirements. Equally encouraging is their determination to produce for export, not only for ECOWAS [Economic Community of West African States] markets, but also for other regions of the world. If the present trend continues, the ability of non-oil exports as a significant source of foreign exchange to supplement receipts from petroleum earnings will be enhanced.

Our Structural Adjustment Programme continues to yield some positive results. We now seem to have fully imbibed the maintenance culture. More importantly, our creative abilities are brought more and more to bear on various fields of our national endeavour. In the process, it is true that we have had to make some sacrifices. The pains of structural adjustment have continued in some areas, an unfortunate but inevitable situation which

must be addressed by alleviative and ameliorative measures. Inequitable burdens of the adjustment process must also continue to invite policy attention.

Policy Goals and Resource Prospects

Presently, the world oil market looks relatively favourable. But this is mainly the effect of speculative prices induced by the conflicts in the Persian Gulf, rather than by more fundamental market factors. Informed by our experience of the 1973 Arab-Israeli war and the outbreak in 1979 of the Iraq-Iran war, both of which resulted in unprecedented increases in oil prices, only to be followed by sharp declines in consequence of cessation of hostilities, we decided to be rather cautious in our resource projections for the 1991 budget.

Government has also noted that the total receipts from non-oil sources have been very low in the past few years. Except in 1986, less than 26 percent annual federally collected revenue between 1985 and 1989 was derived from non-oil sources.

The low performance is, in the main, attributable to some inhibiting factors such as slow development of local sourcing of raw materials and low foreign exchange contributions by manufacturing industries.

Nevertheless, it is anticipated that there will be a significant increase in non-oil revenues in 1991. The year's revenue projection from the non-oil sources is estimated at N14,745 billion. This is an increase of N5,716 billion, or 63.3 percent over the 1990 approved estimates of N9,029 billion. Towards this end government will put in place new policy initiatives to increase both the rates of national savings and net domestic capital formation, with special emphasis on the activities of the dynamic and large informal sector, which has for long remained largely unharnessed.

Government will, as a deliberate policy, withdraw effectively from further domestic borrowing from the money market. In contrast to the growing budget deficits over the past few years, the 1991 budget has been designed to in fact generate a modest surplus.

The Technical Committee on Privatisation and Commercialisation (TCPC) has made commendable progress in implementing its programmes in accordance with the provisions of Decree No.25 of 1988. Accordingly, during the year, the continued dependence of those parastatals earmarked for privatisation on government subvention will be discontinued. In respect of parastatals earmarked for commercialisation, the necessary preparatory tasks for transforming them into largely commercial enterprises have been completed. These include the updating of their annual accounts and revaluation of their assets, financial restructuring to prepare them for market reception, resolution of their debts review of their funding arrangements and design for them of appropriate organizational and management structures. Appropriate implementation committees have been established to implement the approved reform packages designed to

ensure that the recommended organisational and management structures are capable of sustaining them as commercialized enterprises. For purposes of funding, all major commercialised and commercialising parastatals at various levels of government will now source their funds from the capital market, especially through the issuance of bonds and similar financial instruments.

In our determined effort to maximise the mobilisation of resources for our development programmes, the new local governments will be fully involved. Various sources of revenue at the local level will be fully explored and the local communities mobilised to contribute to and participate massively in grassroot development programmes. Schemes financed through the People's Bank and the recently inaugurated community banks will feature prominently in this perspective. This approach to sustainable development is a challenge to the newly elected local government councils.

The Thrust of the Rolling Plan

As you are aware, in 1989, government adopted the instrumentality of a rolling plan, in place of the erstwhile five-year medium-term plans, for programming the development of the economy. Consequently, the First National Rolling Plan was adopted in 1990 to cover the period 1990-1992. That plan is now being rolled over to ensure more efficient programme execution in the light of encountered realities, and is operationalized annually by the budget.

I am delighted to note that the first year of the Rolling Plan witnessed significant progress in the implementation of plan programmes. The transition to civil rule programme, the programmes of DFRRI and rural electrification, as well as programmes in the health sector, especially the various elements of the basic health sector, were vigorously pursued. The period also witnessed significant achievements in the implementation of our larger projects such as:

- a. The Ajaokuta Rail Line and the Osara Dam, which are components of the main Ajaokuta project; and
- b. The completion and commissioning of the Shiroro Hydro Power Station as well as the Delta IV Gas Turbine Plant. The NERFUND programme recorded commendable successes during the year in our effort to encourage the rise of viable small- and medium-scale production enterprises, while the People's Bank took off very successfully.

The implementation modalities to facilitate the smooth take-off of the community banks have been completed. Several road projects, including the Kaduna-Zaria Kano dual carriageway, were executed. We are also pressing ahead with the Oso condensate project, the petrochemicals phase II and the aluminium project with active private sector participation.

The 1991-93 Rolling Plan targets real growth rates of 4.8 percent, 4.85 percent and 7.68 percent for GDP, agriculture and manufacturing respectively. It envisages a programme of N168.1 billion. Out of this the federal government, including its parastatals, is expected to invest about N83.0 billion, the treasury component of which is estimated at N26.0 billion. This modest size is informed by government's determination to enforce prudence and make government to live within its means, thereby giving more room for the private sector to mobilise internal savings to fund its investment.

The total state government's programmes are estimated at N21.5 billion, while the aggregate programme of the local governments is projected at N8.5 billion. The private sector is expected to invest N55.00 billion during the period, as compared to N50 billion earmarked for it in the 1990-92 Plan.

Fellow citizens, I am happy to note that for the first time in several years, we are able to prepare a plan that is realistic and can be financed from our own domestic resources. The federal treasury component of the plan is expected to be entirely financed from savings from projected recurrent revenues. However, in order to realise this goal, we will all have to resolve to take our destiny in our hands and devote more of our resources to investment. Government, on its part, is determined to restrain the growth of recurrent expenditures, and exercise maximum prudence in the execution of its capital programmes.

Significance and Features of the Budget

Revenue projections from oil have been informed by OPEC's agreed guidelines in respect of production-volume, export and benchmark dollar price. From oil and non-oil sources, a total sum of N68.730 billion is thus projected for 1991 as federally collected revenue. From this amount, N63,926 billion is credited to the federation account, while the balance of N4.803 billion is retained as federal government independent revenue.

In accordance with the new revenue allocation formula, the federal government's share from the federation account is estimated to be N31.963 billion. The total federal government's retained revenue, inclusive of the sum of N2 billion from its independent sources, thus becomes N38.766 billion. Out of the federation account N19.177 billion is the estimated share to the states, while the local governments' share is N9.588 billion.

In respect of the statutory allocations to the special funds, a receipt of N3.196 billion has been estimated.

Out of the total federal government's retained revenue of N38.766 billion, a sum of N12.2883 billion is earmarked for recurrent expenditures and N9.240 billion for capital. When account is taken of various provisions for debt servicing, the federal budget is designed to yield a surplus of N100 million.

The recurrent budget is taken up substantially by personnel costs and overheads, after account is taken of the heavy interest payments on both the domestic and external loans. **It is to be noted that the new revenue allocation formula had further reduced the federal government's share of the federation account from 55 to 50 percent, while the share of the local governments was raised from 10 to 15 percent.** The objective is to provide the resource support to enable the respective tiers of government discharge their constitutional responsibilities efficiently. For example, the local governments are responsible for primary education. The increase of five percentage points in their share of the federation account is far greater than the sum of N800 million which had been given in recent budgetary support by the federal government to them for primary education. Therefore in view of the enhanced revenue of the local governments, the enabling decree on the Primary Education Commission will be repealed to transfer total responsibility for primary education to the local government councils.

In designing the capital budget, great emphasis was placed on the rehabilitation of existing assets and the due-completion of selected on-going projects for the economy's reconstruction progress. Some of the key sectors involved are agriculture, water, steel, manufacturing, Federal Capital Territory, health, education, political transition, defence and security. For example, an initial provision of N300 million has been made under a National Land Development Programme for the development of 50,000 hectares of land in each state for allocation for small-scale agricultural activities. The aim is to provide an additional opportunity of gainful occupation and self-employment for the youths.

There are also other essential on-going capital programmes which are not covered in the main approved budget, but are nevertheless firm commitments which need to be implemented in the event of improvements in anticipated revenue. These extended capital commitments amount to an additional total capital expenditure of N9.687 billion. They will thus constitute a first charge on any additional revenue to be available for disbursement in the course of 1991. It is to be noted for the avoidance of doubt that, apart from those extended capital commitments, funds will not be approved or released for any project.

The total foreign exchange receipt by this country for 1991 are estimated at \$11.855 billion, made up of \$1.948 billion for the private sector. The oil sector will account for about \$7.8000 billion, while \$4.055 billion will accrue from non-oil exports, services and external loans. The programmed allocation of \$9.908 billion official receipt is as follows: foreign exchange for domestic Use \$5.449; debt service \$2.972 billion; accretion to reserve \$1.487 billion.

It is a matter for great concern that the private sector still continues to depend heavily on official receipts to source their foreign exchange needs. The basic policy of the

government will continue to emphasise orderly liberalisation and careful deregulation of the foreign exchange market, while strengthening our reserves in order to effectively defend the Naira value against pressures from both domestic and external fronts. Meanwhile, as part of our efforts to diversify our future sources of foreign exchange earnings, government will promote in 1991 a Nigerian investment company, operating in various overseas investment markets.

This administration believes that the most productive route to a sustainable arrangement with our external creditors is a simple and straight-forward package that enables the country to service its debt on a long-term basis, and thus minimizes the burden of short-term service obligations. We believe that it is in our interest and that of creditors to adopt an approach which will alleviate the need for future reschedulings. It is also imperative and beneficial for both sides to obtain sufficient debt relief and reduction of principal now, in order for the economy to recover fully and regain the path to stable and sustainable economic growth. We shall continue to explore all possible channels to that goal.

Meanwhile, we reiterate our position that Nigeria will continue to operate an external debt management policy predicated on a ceiling 30 percent of our official export earnings on external debt payments.

The hallmark for 1991 will be strict budget discipline. Ministries and agencies must put in place suitable machinery for efficient budget implementation; and chief executives will henceforth be held responsible for the implementation of their fiscal programmes. Lines of responsibility and function between the various economic, financial, accounting, planning and budgetary arms of government will also be redrawn and realigned for better national economic management. Specifically government will very soon formally establish the long-proposed National Economic Planning Commission as a pivot in the new realignment exercise.

Sustaining the Tempo of Food and Agriculture

The performance of the food and agricultural sector in 1990 was generally satisfactory. Agricultural gross domestic product (GDP) grew at an annual rate of 4.4 percent in real terms. Food prices stabilized during most of the year, relative to previous years. **Agriculture made a substantial contribution to the non-oil exports and provided raw materials for the backward integration needs of industries.** The sector, nevertheless, encountered some problems during 1990. First, drought decimated some crops and livestock in some states. This would likely put pressures on domestic food supplies in the first half of 1991. Second, activities of smugglers have tended to negate the policy of selective closure of the Nigeria market to certain food imports, and discourage domestic production in protected industries below what they

would have been. Third, though commendable achievements have been recorded, most of rural Nigeria is still inaccessible because of continued shortage of all season roads.

Also, fertilizers and other farm inputs still fail to reach many farms when needed; and post-harvest losses of farm output remain substantial. Fourth, unfortunate implementation failures continue to constrain the attainment of national food self-reliance.

To sustain the tempo of national food self-reliance, the following policy measures will be taken in 1991:

a. In order to address the chronic problem of low levels of utilization of abundant farm land and rural labour resources and the high cost of land development, a National Agricultural Land Development Authority (NALDA) will be established to execute a National Agricultural Land Development Programme. This programme will be jointly funded by local communities, and the local, state and federal government.

b. In order to address frontally the core problem of low-productivity agriculture research extension linkages will be strengthened. In particular, government support for universities of agriculture will be strengthened to consolidate the gains already being made. State governments will also be encouraged to reorient their goals in higher education to the twin realities that the majority of our people are farmers, and that we are still basically an agricultural low-income country.

c. The National Commission for Women and the Better Life Programme will receive increased support, especially in recognition of the strategic role of women in Nigerian agriculture.

d. In order to democratize and liberalize access to farm credit, the establishment of community banks will be pursued with utmost vigour, with priority given to applications from areas with high agricultural production potential in well targeted support of national food self-reliance. Commercial banks will also be required to fully implement their rural banking programmes, as stipulated by the Central Bank.

e. The earlier pronouncement in the 1987 budget on the privatization of fertilizer procurement and distribution will now be vigorously pursued, in order to enhance distribution efficiency and make fertilizer available to ordinary farmers when they need it most.

f. A new programme of small and medium-scale storage facilities will be launched in 1991. These will be located at the local government level in areas of high agricultural production potential, to feed the strategic grain reserve storage facilities being constructed.

g. Tax exemption of interest on agricultural loans will be further liberalized to encourage an increase flow of loanable funds into agriculture.

Strategies for Enhancing Informal Activities

An important plank of our structural adjustment programme is the reversal of the long unfavourable internal terms of trade against domestic agriculture and rural development. With the various macroeconomic measures and new institutional structures put in place over the past four years, we are now confident that a sustainable national rural development process is on course. The time has however come for us to push vigorously on the second pivotal leg on which a proper reconstruction programme must rest; that is the development of informal sector activities in the cities and towns. The critical importance of these dynamic, extensive but atomistic organisational units to overall national development must now be recognised by official action.

In a way, this was the essential policy purpose behind our establishment of the Peoples Bank. It has been a worthwhile and exhilarating experiment; and all those involved in its operation have cause to be proud of their pioneering efforts. **With the lessons of experience from that learning period, government will move in 1991 to formalise the Bank's structure, organisation and financing, so that it can be properly licenced and its operational continuity assured. For that purpose, a sum of N150 million has been set aside in the budget as equity base for the bank.**

To further help and elevate informal sector activities, all organs of government are enjoined to undertake affirmative action programmes to free, stimulate and facilitate the productive and creative efforts of various operators in the sector. Such policies and programmes must be designed to emphasise the importance of wealth creation individual initiative, self gainful occupation and dynamic competitiveness. Operational rules and regulations bearing on various informal activities must be simplified by the different tiers of government, especially at the local level. The growth of producer cooperatives must be boosted.

Synergies and high linkages must be promoted, particularly in the areas of food processing, off-farm rural activities, small scale industries, crafts, transportation and technology diffusion. At every opportunity, we must help channel more real resources to those indigenous and informal organisations that are capable of penetrating and elevating the fragmented production units.

Labour Compensation and Collective Bargaining

During the year 90 the federal government in direct response to the request of the Nigerian Labour Congress, set up a tripartite committee to make recommendations on the national minimum wage in the light of our Structural Adjustment Programme and bearing in mind that the first law was promulgated in 1981.

The tripartite committee reaffirmed the necessity for the existence of a national minimum wage as a means of protecting very weak employees against exploitation by

medium and large-scale employers, especially under conditions of high unemployment. The committee made its report within the ambit of the existing law in which an employer is defined as someone employing 50 or more persons, and a wage as the total emolument payable to a worker.

The federal government as a legislative authority, having considered the report and bearing in mind the interconnectedness of all groups within the economy, particularly the rural and urban workers, the small-scale employers, the plight of the unemployed, and more importantly, the impact which major decisions concerning the national minimum wage may have on both the formal and informal sectors of the economy, decided that the national minimum wage which was first promulgated in 1981 should be revised upward, to bring it close to what the generality of progressive employers are already paying when reckoned in terms of total emolument. Accordingly, the federal government has legislated that the national minimum wage understood as total emolument will as from January 1, 1991 become N250.00 per month. Government has also decided that pension benefits will now be calculated on total emolument and not just the basic salary alone.

The proper interpretation of this law is vital for the continuing growth and stability of the economy if all the gains of the last four years are not to be frittered away in run-away inflation. I wish to stress that the law is not for a general increase in salary to everybody within the economy. It is only a protection of the weak workers against exploitation.

The national minimum wage which consists of the total emolument payable to a worker is standard that should be easily attainable by corporate bodies and individuals employing more than 50 workers. Indeed, many employers such as the big companies, the federal and state governments and the universities are already paying more than that.

Having settled by legislation the issue of the national minimum wage, all employers and trade unions in both the public and private sectors of the economy are now permitted to make necessary adjustments to existing total remuneration packages, i.e. wages and fringe benefits. But the adjustment must only be through the process of collective bargaining.

On the part of the federal government, the percentage increase will only be for officers on salary grade levels 01-06, with a slight increase for those on levels 07-08 in order to further close the gap between the lower income and the higher income earners in the public service. The increase is allowed, in the full recognition of their role and contributions to the efficient growth of our public service and more importantly to further cushion the effects of the Structural Adjustment Programme on these most vulnerable groups.

This decision is taken bearing in mind what the economy can afford and also given the fact that the higher income

earnings are enjoying facilities which have never been reflected in their income. I wish to seize this opportunity to call on all patriotic citizens to heed the advice of the president of the Nigerian Labour Congress not to engage in the escalation of prices of goods and services, transport fares and house rents, as a result of this small adjustment of the national minimum wage.

In the public sector, government accepts that the time has come for collective bargaining to take firm root and for wage fixing to reflect varieties and differences in the ability to pay, as between the federal government, the state government, local government, and the parastatals. The representatives of these various tiers of government and agencies will negotiate directly with their appropriate industrial unions at the level of federal, state or the local governments, and the parastatals, but always bearing in mind the ability to pay and the imperatives of a good remuneration policy. The federal government will cease to issue general circulars with universal applicability with regards to wages, fringe benefits and conditions of employments to all public agencies.

In like manner, private sector employers and trade unions are enjoined to look at the minimum wage law as one for establishment employing more than 50 persons, and as setting a standard to protect the weak employees with little bargaining power. They would observe that the new standard is already exceeded by many good progressive employers. If any further adjustments to wages and fringe benefits are considered necessary, desirable and affordable, such an exercise must only take place through a process of collective bargaining. There is nothing in the revision of the minimum wage which says either that there is a general increase in total emolument of that an adjustment of total earning is automatic, irrespective of when a collective agreement was last reached and approved.

In the interest of a peaceful industrial atmosphere, employers and trade unions must view the exercise of any collective bargaining as a serious social interaction that must be carried out in an atmosphere of calmness and cordiality, devoid of tension and threats, and without duress. There must be neither strike nor lookout. As usual, whatever is agreed must be submitted for approval to the federal minister of employment, labour and productivity who will only do so if the agreed increases to total emolument are moderate, non-inflationary and affordable in the light of the impact on the economy as a whole. It is also to be noted that whatever is agreed and approved will apply from the first day of the calendar month that follows such agreement. No backdating of increase in total emolument will be permitted.

One of the key elements in raising the standard of living of the people is through higher productivity of all the

factors of production. Collective bargaining must therefore constantly relate increments to improved productivity. It must also be remembered that highly productive employees are as much rewarded by increase in status, recognition, and non-wage benefits, as by increase in total emolument.

In consonance with the government's desire to promote satisfactory collective bargaining in the public sector as well as the concept of relating obligations to fiscal strength, the role of the National Council on Establishments will now change from that of an organ for ratifying collective agreements to that being a consultative body which will aim at a good exchange of information between the different states in the Federation. This Administration wishes to deemphasize the periodic announcement of changes in total emolument, if only because of the attendant inflationary spiral that usually follows such an announcement. From now on, sectoral periodic collective bargaining in the private sector and at the different tiers of government (federal, state and local) with no fanfare and announcements, will be the order of the day. All employers and trade unions are enjoined to embrace this approach in order to protect the real living standards of the people in succeeding years. This is the direction in which a good incomes policy must move in our type of increasingly deregulated economy.

Meanwhile, government continues to be concerned about various ways of alleviating the pains of structural adjustment on the urban workers. It is also convinced that organised labour can impact advantageously on their members through direct programmes. Government has therefore set aside in the budget the sum of N100 million to be made available through the Federal Urban Mass Transit Authority, as a revolving loan scheme on concessionary interest rates, for the trade unions to organise, finance and manage mass transportation for their members in their respective areas of greatest need.

Population, Health and Human Resources Development

We recognise that a crucial prerequisite for a successful recovery programme is the existence of a motivated, productive and efficient work force. Our work force constitutes the human capital of the nation. As the active ingredient of all the factors of production human capital plays a more important role than physical capital.

We shall, therefore, continue to design and implement policies that directly augment our human resources. This will be done through:

- a. A meaningful and purposeful population policy;
- b. A relevant and effective human resources development and utilisation policy; and
- c. Actions to mitigate the social cost of adjustment on vulnerable groups.

In keeping with our policy of self-reliance and in accordance with our commitment to economic reconstruction, the development and utilisation of indigenous human resources constitute an integral part of our recovery programme. For that purpose, we have targeted activities in two areas.

First is the refurbishing of tertiary institutions, to facilitate the teaching and learning process. The universities have been identified for special attention in this regard. They are the apex of our educational system and a veritable lever for national cohesion and development. We shall therefore continue to assist them in raising their potentiality to reality. This we shall do, within the constraints imposed upon us by the state of the economy and the concomitant competing claims for limited resources. It will be recalled that recently, a commission to review various facets of our higher educational system was inaugurated. Secondly, government will continue to support the activities of training institutions in the country, primarily in order to enhance indigenous capacity in management and professional fields. We consider this important because without requisite skills and management competence, well-conceived public policies will remain unimplemented.

In order to alleviate the personal transportation hardship of university senior staff, government has allocated in the budget a special sum of N200 million to the National Universities Commission to operate a revolving loan scheme based on concessionary interest rates, for personal vehicle refurbishment for such staff who may wish to benefit from it. The allocation of this special grant is subject to a minimum of N6 million for each university. The scheme is intended to apply to the nation's university system as a whole, whether federal or states.

Financing and Pricing of Infrastructures and Utilities

The privatisation and commercialisation programme progressed satisfactorily in 1990. Five additional enterprises were privatised as at the end of September, 1990. So far, 54 out of the 110 enterprises earmarked for partial or full privatisation have been sold to the public and the sum of N277.5 million realised from the sale. During the 1991 fiscal year efforts will be concentrated on the sale of all the enterprises earmarked for full privatisation, including the non-water assets of the River Basin Development Authorities and a substantial number of those for partial privatisation. It is gratifying to note that the vast majority of those who purchased shares of privatised enterprises were in fact low income people, who also purchased the bulk of the shares offered for sale. This deliberate policy of tilting the distribution of privatized shares in favour of small holders is in fulfillment of government's policy to popularize and liberalize the ownership of shares.

Effective from early 1991, all affected enterprises will be expected to commence operations on a commercial basis with expectations of improved performance, viability

and overall efficiency. In the case of parastatals earmarked for partial commercialization, the appropriate levels of government subvention to compensate them for the social services rendered will be worked out. Henceforth, the relationship between the government and commercialised enterprises will be governed by performance contracts, which will incorporate plans setting out defined quantitative targets and performance bond with specified penalties for failure to meet agreed levels of performance and reward for surpassing set levels. Commercialized enterprises must demonstrate their profitability, economic viability and ability to source funds from the capital market through the issuance of bonds and other debt instruments. Government continues to monitor the performance of key utility parastatals, such as NITEL [Nigerian Telecommunications] and NEPA [Nigerian Electric Power Authority] currently at various stages of commercialization. Though commendable progress has been made, government is aware of continuing public criticism of the services rendered by these parastatals. In order to improve operational efficiency within NITEL and NEPA and to consolidate the gains from commercialization, government will actively explore further prospects for improving their operations.

As we proceed this year with the full privatisation and commercialization programmes of key sectors of our economy, the full concept of governing boards, with autonomy from ministerial control to effectively manage the commercializing and commercialised enterprises, will be put into effect. This will enable the ministers to concentrate fully on their ministerial responsibility and also to discharge their statutory function of providing broad policy guidelines to the board of the respective enterprises under their portfolio.

The Utilities Tariff Review Commission will be reorganized in 1991 as a Utilities Charges Commission. It will also comprise four sub-regulatory agencies to moderate prices of water, power, transportation and communications. The moderating role of the commission must however, be consistent with the basic thrust of the deregulation of the national economy and the dismantling of administrative controls. The reorganized commission, through its appropriate sub-regulatory agencies, may also routinely consider proposals for adjustment of prices of domestic products.

Government will formulate a package of incentives to encourage the private sector to participate actively in the provision of certain infrastructures such as roads, bridges and culverts, water, light, housing estates. Appropriate modalities will be worked out under which the private sector can float publicly quoted companies in support of infrastructural development.

Furthermore, an appropriate decree empowering states and parastatals to borrow from the capital market will be promulgated during 1991. The provision of basic infrastructures cannot be left to government alone.

Potential investible funds of the private sector must now be channeled to complement public resources for infra-structural development.

Industrialisation and the Development of Local Raw Materials

Although 1990 registered a significant improvement in the level of industrial production in the economy, the industrial sector's contribution to the total gross domestic product, to foreign exchange earnings and to employment was far from satisfactory. The major complaint of the industrialists is the low capacity utilisation, which on the average has been about 40 percent.

Government has decided that the first priority is to encourage reduction in the most foreign requirements by industries, through the local sourcing of raw material. This can be done through their determined support for the programme of the Raw Materials Research and Development Council, as well as through their purchasing of raw materials that can be obtained more cheaply in Naira terms than otherwise. As direct encouragement for this very important task, government had decided to abolish the excess profit tax for companies, in the belief that all companies which used to pay such tax would channel the amount now available to them into the development of local raw materials. This can be done, for example, through joint equity participation of many companies to develop mineral and agricultural raw materials required in manufacturing. Furthermore, banks which are now free from the payment of excess profit tax are reminded that they too are allowed to take up equity participation in industries.

The Raw Material Research and Development Council which already has a number of projects programmed to press-button stage, will act as a catalyst in bringing companies and ideas together. Some of these projects involve the development of phosphate-related raw materials, starch derivatives, titanium dioxides for paints and soap, lead smelting and sulphur production. The joint-venture companies will be entirely owned and directed by the private sector, whose members will be the equity shareholders. This is one concrete way of working assiduously towards reduction in imported inputs into our manufacturing process.

Government will, as from 1991, closely monitor the use of foreign exchange by industrialists. Those companies that can reduce the amount of foreign exchange they consume for the purpose of direct manufacturing by as much as 25 percent per annum for the same level or production in tonnage or equivalent over the preceding year, will be slated for an achievement award by the federal government. Modalities for operating such an award system will soon be worked out.

The other side of the raw materials coin is the intensification of export drive of manufactured products in order to earn foreign exchange. Government will continue to promote the export drive in manufactured products by removing existing bottlenecks as identified by the Export

Promotion Council. It will also embark on measures for encouraging industries to intensify their efforts in generating their own foreign exchange and in lessening their current dependence on official sources.

Government will continue to encourage more foreign investment in the industrial sector and reduce the incidence of divestments. It will always strive to balance the interests of foreign investors and those who may wish to disinvest, with the legitimate long-term investment and management integrity of Nigeria. Just as investment is treated as an open policy issue, divestment by foreigners ought also to be treated as an open policy issue, in the best interest of all the parties, of the Nigerian public and of the economy as a whole.

In the spirit of deregulation, government will embark on a number of reforms of the capital market—The Securities and Exchange Commission as well as the Nigerian Stock Exchange—with a view to deregulating and achieving more realistic and competitive pricing for industrial equities. This should assist industries further to achieve higher capacity utilisation through the sourcing of cheaper money in the capital market. There is, however, a corresponding obligation for companies quoted on the stock exchange and indeed, all companies to the management, whether local or foreign, that is transparently honest, that practices high business ethics, and that will not indulge in over-invoicing, bribery, corruption and tax evasion.

The industrial climate is also affected by the way tariff issues are treated. This Administration has been consistent in promoting industrial growth and stability through realistic tariff measures. It is in this regard that the Tariff Review Board's recommendations are now taken very seriously by government. For the avoidance of doubt, the existing list of import prohibition will remain the same. However, minor adjustments have been made to the levels of tariff for a number of industrial inputs, as have been found appropriate.

The petroleum industry has a big impact on the state of the manufacturing sector, not only because of the foreign exchange earned by petroleum but because of other linkages in raw materials from petrochemicals. For this and other reasons, and in order to realise fully our goals and objectives in this crucial industry, **the full commercialization of the NNPC [Nigerian National Petroleum Company] will come into effect in 1991.**

While this is the case, there is now the need to streamline and strengthen government's monitoring and regulating role in the petroleum industry. Therefore, for effective monitoring and supervision of the activities of all companies in the petroleum industry, including the subsidiaries, and to ensure that their activities are in accordance with the relevant laws and regulations, and undertaken in a technically and economically sound manner, the former Petroleum Inspectorate of the NNPC will, in 1991, be strengthened and constituted into an autonomous commission to be known as the Petroleum Inspectorate Commission. The

responsibility of the commission will be to supervise the activities of participants and to ensure compliance with all established standards and regulations.

We are actively implementing our policy decision to increase our reserves to a minimum of 20 billion barrels, and productivity to 2.5 million barrels per day. However, this calls for accelerated upstream strategies to encourage our various partners in this major effort. In pursuit of this objective, more funds are being pumped into exploration and production activities, and new companies are being invited through the bidding notice recently issued for a new first time, new acreages have been allocated to Nigerians on relatively soft terms in order to foster indigenous participation in the oil sector up-stream.

One of the major commitments of this administration is to ensure the availability of various petroleum products in all parts of the country at acceptable prices. To this end, government, through the NNPC, is undertaking a linkage of all our domestic refineries through a network of pipelines so that they can compensate for one another in a grid system. **New product depots are planned for Yola and Suleja**, while some of the existing depots will be expanded. When completed, petroleum products should become readily available, and the present expensive and uncertain system of bridging will be reduced to a minimum, if not completely eliminated.

The programme of butanization which will encourage the use of the Liquefied Petroleum Gas (LPG) for cooking and thus reduce the use of firewood, and the rate of desertification, will be vigorously pursued during the year. Already, the NNPC has installed in its Kaduna Refinery and LPG Nerox Unit with a capacity of some 80,000 to 100,000 ton [as received] per year. This unit is scheduled to be commissioned in 1991. When commissioned, it will immensely boost our LPG availability. To assist the private sector in packaging and distribution of the product, some incentives and special arrangements are being designed by the Ministry of Petroleum Resources to encourage LPG bulk haulage throughout the country as well as the availability, standardisation and maintenance of LPG cylinders.

Housing Urban Development and Spatial Order

We have observed that it has not been possible for the management of our cities and towns as presently constituted, to adequately meet the needs of their population for services, especially for such basic utilities as water, electricity, roads, transports, telecommunications, good housing, wastes removal and recreation. Nor have they been able to promote economic growth through the provision of planned industrial rentable factory accommodation, business offices, hotels, restaurants and shopping malls. More importantly, our urban centres have had great difficulties in meeting the expectations of our youths for jobs and employment opportunities.

Yet, it is important that our cities and towns are seen increasingly as one of our major economic institutions

for development, rather than simply as administrative jurisdictions. We must address the constraining factors which have militated against their capacity to serve the growth generative role customarily associated with urban and metropolitan centres in other parts of the world.

In 1991, government will commence a two-pronged attack on this debilitating spatial problem. First, it will strengthen the Federal Ministry of Works and Housing's capability for urban and regional planning such that it can be in position to help municipal authorities on a systematic basis with establishing fiscal and legal cadastrals, mobilising for local property rating systems and upgrading professional physical planning skills. It must be in a position to assist generally with designing, updating and maintaining appropriate local data and information systems that will foster high levels of urban management efficiency in the collection of municipal revenue and the associated delivery of a wide range of urban services.

Second, the Federal Mortgage Bank will be further invigorated. The establishment of more mortgage institutions and building societies will also be encouraged. On its own part, government will gradually disengage from the provision of residential accommodation to public officers. In its place, encouragement and financial incentives will be given for individual mortgages and the development of private real estates. The development of Abuja, the new Federal Capital Territory provides us with a splendid opportunity in this direction.

Monetary and Credit Policies

Against the background of developments in 1990, and the need to further the Structural Adjustment Programme, monetary and financial policies have been designed to ensure price stability as well as increase the productive capacity of the monetary and credit policy in 1991 are to further moderate the rate of inflation, reduce pressures on the balance of payment and maintain a stable exchange rate. To achieve these objectives, monetary and credit policies will continue to be restrictive within the context of supply-led strategies.

Most of the policies introduced in the 1990 budget will be retained and fully implemented. However, a significant shift in policy strategy will be the gradual replacement of direct credit allocation within a market-oriented indirect approach. Towards this end, monetary and credit policy objectives in 1991 will be achieved through the application of indirect instruments to control credit. This implies greater efficiency in the use of cash reserve requirements, liquidity ratio and the introduction of open market.

The switch to this new policy, however, requires enormous preparation including administrative and legislative changes in the regulations governing the financial system, as well as the streamlining of reporting formats and procedures by banks. Although some measures have already been introduced since 1986 to pave way for the introduction of a new market-oriented policy, the magnitude of outstanding problems and the the required for their resolution would not permit immediate adoption of the new approach to monetary management right from beginning of the year.

Meanwhile, to achieve the twin objectives of inflation control and growth promotion, there will be an increase of 16.4 percent in bank credit to the private sector but a zero increase in credit to government. The commercial and merchant banks are expected to maintain a credit ceiling of 13.2 percent to the private sector after necessary adjustments have been made for credit granted by small and new banks not under general credit ceiling. The credit policy targets are expected to increase aggregate bank credit to the economy by 10.6 percent and result in an increase in the narrow money supply by 14.6 percent.

The foregoing credit policies are expected to result in a maximum inflation rate of eight percent in 1991 and six percent growth in real gross domestic product. Foreign assets are expected to increase by U.S. \$947 million, out of which U.S. \$600 million will be monetised while the balance will be sterilised by the Central Bank.

Within the context of the credit ceilings, the minimum shares to merchant bank credit of medium and long term nature with maturity of not less than three years will be reduced from 40 to 20 percent. The share of credit maturing within twelve months will remain at a maximum of 20 percent. Government is determined to achieve these monetary targets within the year. Banks and other financial institutions are therefore advised to adhere strictly to the guidelines which the Central Banks will issue from time to time in order to keep developments within the targets.

An important financial development which has been a source of concern to government and entrepreneurs in recent times is the high level of interest rates being charged on banks loans. These high interest rates have in the main, been one of the side effects of economic deregulation. But they are also traceable to observed imperfections in both the financial markets and some fiscal policy actions of the last two years.

There is no doubt that the prevailing high interest rates have increased the rate of saving in the economy. However, the cost of utilising savings by businessmen who wish to undertake productive investments is becoming unbearable. It is with this in view that *appropriate action will now be taken in 1991 to induce a downward movement and stability in interest rates in adjustment with other relevant economic variables. The Central Bank will soon issue relevant guidelines to the banks in order to*

ensure a stable and appropriate interest rate regime during the year. Our preliminary expectation based on relevant policy and market analysis, is that bank lending rates might eventually decline to an average of 20-21 percent. However, while government believes that there is still scope for more efficient management of interest rates in the present circumstances, it is not our intention to return to a regime of rigid interest rate control, which in the past was a major cause of resource misallocation in the economy.

Another major source of concern to both government and the general public is the continued depreciation of the Naira in the foreign exchange market, especially in recent weeks. This is, no doubt, a signal that the demand for foreign exchange still far exceeds the supply. Under a deregulated market system, the result of a widening gap between demand and supply is the depreciation in the value of a nation's currency. Our policy is to positively influence the underlying real factors which effect the demand for and supply of foreign exchange and not to directly and administratively fix some preferred rates for the economy. From the standpoint of the market structure, the system of bureau de change has successfully emerged to threaten the existence of the erstwhile parallel market.

Our basic policy is to continue to emphasise deregulation of the foreign exchange market under a close monitoring arrangement. The Central Bank has for example, recently reintroduced a modified dutch auction when serious shortcomings were observed in the inter-bank daily dealings. But this in itself is not necessarily a panacea for the declining value of the Naira. Ultimately, the future strength of the Naira, and indeed the national economy, lies in our ability to improve our foreign exchange earnings so as to reduce the disproportionate dependence on the oil sector.

Fiscal Policy

The fiscal policies designed and contemplated for 1991 are meant to shift emphasis from wasteful consumption to productive efforts. In the past four years of the Structural Adjustment Programme; Government has been grappling both with the problem of wasteful spending at both public and private levels, and the need to protect existing facilities and assets from avoidable deterioration and disuse. The 1991 tax policy aims at consolidating the gains from these areas, as well as encouraging private sector productive activities.

Our tax system has in recent years moved towards lower taxes and higher incentives for the productive sector of the economy. This tax policy will continue to be pursued in 1991. Pending the articulation and implementation of the proposed tax reform measures, a system of "self-assessment" for the purpose of individual and corporate taxation will be introduced alongside the existing "provisional assessment" provided for in the Company Income Tax Act of 1979. The "self-assessment" approach is a pledge that individual is honest in the eyes

of the law and that he would be prepared to bear the consequences of wrong "self-assessment."

In the rest of fringe benefits to employees, government will continue to recognise those payable in the private sector line with or up to the limits paid in the public sector. The intention, however, is to harmonise the treatment of fringe benefits, particularly the provision of housing accommodation by employers.

Henceforth, where company houses are not provided, and rent is to be paid to landlords direct, rent allowable for tax purposes will be either the existing limits prescribed in the tax laws or the employees' annual basic salary whichever is lower; and no further tax will be charged on the employee for such accommodation.

Manufacturers for exports have some justified complaints. The external market for their products are highly competitive, and the export markets are very often hostile to new entrants. The role of government is to create domestic conditions that will, at least, help neutralise the adverse effects of external competition. The duty drawback scheme for which a sum of N10 million was provided in the 1990 budget, is an integral part of the export promotion scheme. For 1991, the sum has been increased to N50 million, in response to the increased number and value of applications for duty drawback.

As a further measure to assist potential exports of manufactured goods, government is introducing the "manufacturing in bond scheme" where the manufacturers could import, free of duty, the raw materials for production of exportable goods, backed by a bond issued by a first-class bank which guarantee that all of the end-products will be exported. The performance bond will be discharged after evidence of exportation and repatriation of foreign exchange has been produced.

Conflicting signals have been received as to the effectiveness of the prohibition or tariff system, especially as goods under prohibition or high tariff duty are still sold in the Nigerian local markets. This has evoked a natural reaction from local manufacturers who complain of dumping. But more important is the further realisation that the problem with our tariff structure is not necessarily the magnitude of the tariff. Rather, it is the ineffective implementation of existing legislations in order to prevent unscrupulous importers from circumventing the laws. The Customs (Dumped and Subsidized Goods) Act of 1958, and the Import Duty Monitoring Scheme are two of such acts which will be reviewed in 1991 to allow for effective implementation of the current tariff regime. The Anti-Dumping Act will be amended to give clear definitions in line with international usage, as well as to institute an appropriate mechanism for proving cases of dumping. Similarly, the exemption of import worth \$5,000 and below from pre-shipment inspection has now been reviewed; only imports worth \$1,000 and below will now be free from such inspection.

Any imports above \$1,000 value as well as all containerised imports will be subject to the usual preshipment inspection, in order to ensure the effectiveness of established tariff rates.

The Political Transition Programme

As you are all aware, the reform package of this administration is constructed on two pillars. The first is on the economy which some have seen as being concretised in the Structural Adjustment Programmes. The second is the political programme which we have articulated in the Transition to Civil Rule Programme. These two elements are mutually reinforcing; and both must be faithfully implemented for us to be able to construct a new social order that is democratic, viable and self-reliant.

The timetable for the transition to civil rule is being faithfully implemented. We have successfully conducted local government elections into all the 453 councils in the Federation. I am happy that the election was held without rancour; and that both winners and losers accepted the result in the true democratic spirit.

I must therefore, congratulate all contestants for exhibiting this maturity, and for their willingness to accept the decision of the majority without bitterness. We feel encouraged by these positive signs, and hope that the trend set so far will be sustained in future elections.

The successful completion of that election is an indication that political parties are now well established, and are fully organised for normal political activities. These process for democratic elections are clearly defined, and all necessary structures and facilities are in place. The implication of all these is that we have provided a conducive enabling environment that will allow the two grassroots political parties to compete for political power. For this reason, government will henceforth cease to fund the two political parties. They are now on their own, and must therefore fend for themselves.

The newly democratically elected chairman and councilors will be inaugurated this week. Local government councils will be accorded full administrative autonomy and allowed to operate in accordance with the spirit and letter of the Constitution. The councils will not be subject to control and direction by the state or federal government in the discharge of their constitutional responsibility. The full onus and the responsibility of providing the basic needs, including primary education, for their communities are now on them. They must not fail their electorate. Furthermore as the frontline operators of the third republic, their performance in office will indicate the future prospects of the third republic. They have a historic mission and must conduct themselves in due cognizance of that fact. They must be prepared to work together in the interest of their constituents. They must act in accordance with acceptable norms of behavior. They must understand the limits of their own authority. They must understand the limits of their own authority. They must not abuse their power; and they must be responsible, upright and committed.

As a political watershed in our search for a stable democracy under a truly federal constitution, I wish to reaffirm that local government councils will also enjoy their full financial autonomy. In this regard, all forms of control, overt or covert, which have hitherto been exercised by state governments on the financial dispensations of local government receive their periodic statutory financial allocations direct from the federal account. On no account should state governments act as financial intermediary for local government on the allocation and transmission of such funds.

In 1991, we shall also implement essential elements which are critical to the Transitional to Civil Rule Programme. These are the national census, elections and the inauguration of state legislatures and state governments.

The National Population Commission is fully prepared for its major historic assignment. three pre-test surveys have already been carried out and I have no doubt that the national population census will be successfully executed as scheduled. The elections of state legislators and state governors are slated for the third quarter of 1991. This means that before the end of that year, democratically elected governments should have installed at the state level. The handover by military governors to elected civilians will thus be another major landmark in our march to civil democratic rule. Legal and administrative provisions will be suitably made which will confer powers, functions and duties to be performed during the transition period by the elected civilians, including the modalities of their relationship with the federal military government.

Fellow citizens, I cannot conclude this address without acknowledging the support and cooperation which you have given this administration since its inception; and more importantly your perseverance and endurance under the harsh effects of our economic reconstruction efforts. The Armed Forces Ruling Council salutes your courage and thanks you all for your patience and understanding of the problems confronting us as a nation, and the measures which we had to take to address them.

This administration is now in the twilight of its tenure. This Transition to Civil Rule Programme is well on course. In spite of the misadventures of some misguided elements last April, your maturity, steadfastness and belief in the oneness and unity of our great country are clear pointers to our future political stability. This is further reenforced by the sterling qualities of accommodation, honesty and peaceful electioneering campaigns exhibited by all those who participated in the last local government elections. This is a most welcome trend, which serves notice that Nigeria will in the not distant future become the biggest truly black democracy within the comity of nations. Your performances was exemplary; and I urge you not to relent in your efforts.

I must, however, now sound a note of warning to all those who were banned from taking part in the politics of the third republic. That ban is still in full force. Government is not unaware of the underground activities of certain individuals and groups of people who, for selfish and particularistic reasons, seem set either to turn back the hands of time or to truncate the march to democratic governance. For the avoidance of doubt, this administration will not change its mind on the subject. Accordingly, all those involved are warned not to disrupt our new experience of grassroots two-party system.

We have come a long way, and this time around any individual or group of persons caught in any act of political sabotage will face full penalty of the law. All those in our midst who do not wish us success will be fished out for due criminal process by the relevant government agencies. We have a golden opportunity today not only to lay a solid foundation for sustainable economic growth, but also to build a viable democratic policy for a promising future for our children.

Fellow Nigerians, I wish you and the Federal Republic of Nigeria a happy, peaceful and prosperous 1991.

Long live the Federal Republic of Nigeria. I thank you for your attention.

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